ABB ANNUAL REPORTING SUITE 2025



ENGINEERED
TO OUTRUN

ABB Annual Reporting Suite 2025

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INTEGRATED REPORT 2025



ABB

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▲ The cover photograph depicts an engineer at ABB's Helsinki factory, which has built large motors and generators since 1889 for global high-power industrial applications.

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.

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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ABB IN 2025

ORDERS
in mn

Comparable[1]
growth vs. 2024

$36,765 **+15%**

REVENUES
in mn

Comparable[1]
growth vs. 2024

$33,220 **+7%**

OPERATIONAL EBITA[1]
in mn

Change vs. 2024

$6,314 **+13%**

OPERATIONAL
EBITA MARGIN[1]

Change vs. 2024

19.0% **+80 bps**

FREE CASHFLOW[1]
in mn

Change vs. 2024

$4,566 **+16%**

ROCE[1]

Change vs. 2024

25.3% **+150 bps**

GHG EMISSIONS (SCOPE 1 AND 2)[3]
in $ktCO_2e$

Change vs. 2024

134 **-2.6%**

WOMEN IN SENIOR
MANAGEMENT[2]

Change vs. 2024

22.6% **+130 bps**

Order backlog (end December $mn)	**25,282** +27%
Income from operations ($mn)	**6,047** +28%
Net Income Attributable to ABB ($mn)	**4,734** +20%
Basic Earnings Per Share ($)	**2.59**
Dividend Per Share (in CHF)	**0.94**[4]
Acquisitions completed	**6**
Venture Capital investments ($mn)	**28**
Manufacturing sites	**>160**
Capital Expenditures ($mn)	**1,001**
R&D investment ($mn)	**1,318**
Employees in R&D	**7,800**[5]
Employees	**111,900**
Women in workforce (%)	**27.8**
Energy consumption (GWh)	**1,473** (-3.7%)
Renewable electricity (%)	**98**

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

TARGETS AND AMBITIONS	2025 PERFORMANCE	OUTLOOK
We deliver leading financial performance		
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%[1] year-on-year	
We enable a low-carbon society		
Reduce own scope 1 and 2 CO_2e emissions by at least 80% by 2030 vs 2019	79% reduction of scope 1+2 CO_2e emissions since 2019	
Reduce scope 3 CO_2e emissions by 25% by 2030 vs 2022	1.1% reduction of scope 3 CO_2e emissions since 2022	To meet our near- and long-term Science Based Targets, ABB will: • Expand supplier engagement beyond Tier 1 to achieve deeper value chain emissions reductions; • Increase sourcing of low-carbon materials and product circularity; • Accelerate grid decarbonization using ABB technologies.
Ambition to avoid 600 megatons CO_2e emissions throughout lifetime of products sold from 2022 to 2030[2]	285 mt total avoided CO_2e emissions since 2022	
We preserve resources		
Send zero waste to landfill while reducing waste generation by 2030[3]	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[4]	27% alignment score for product-based revenues	Continue to align our product portfolio to ABB's Circularity Framework.
We promote social progress		
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[5] roles to 25% by 2030[6]	22.6% women in senior management roles	Continue to increase the proportion of women in ABB's senior management.
Achieve a top-tier[7] 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[8] 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[9] 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. 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.

ABB sustainability ratings 2025

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

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.



IMPORTANT MILESTONES IN 2025

From four to three business areas	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	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	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	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	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

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

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

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 powertrain 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

Divisions

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

Revenues

$8.2 bn

Employees

~22,900

Global market position

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

Divisions

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

Revenues

$8.1 bn

Employees

~26,300

Global market position

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

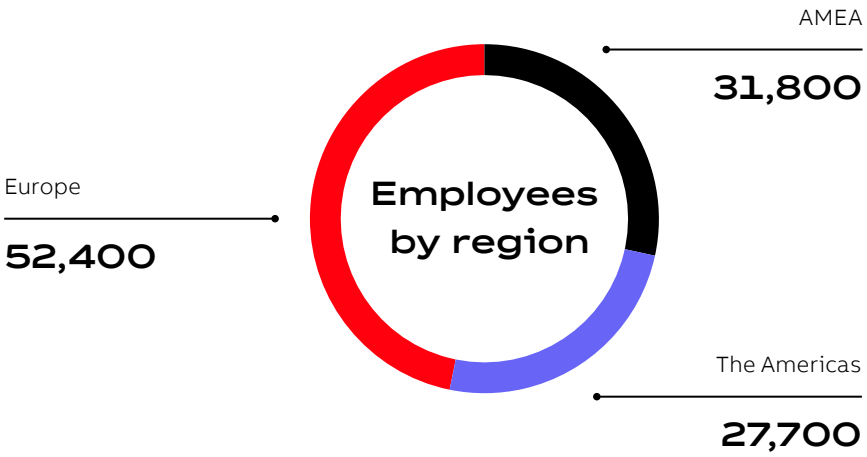
With the announcement of the signed agreement to divest our Robotics division, its results of operations are presented as discontinued operations in our Financial Report. Robotics provides industrial and collaborative robots, autonomous mobile robotics, mapping, and navigation solutions, robotic solutions, 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

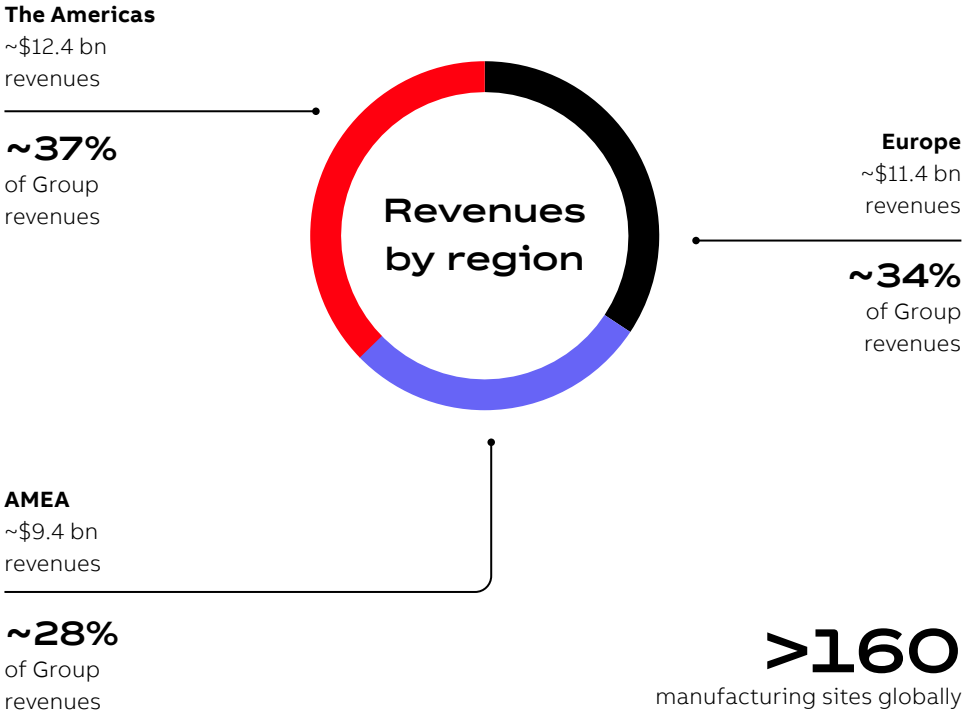
At ABB, we have around 110,000 employees located in more than 100 countries. Our people run what runs the world. Our expertise is why customers come to us with their biggest challenges. Together, we push the boundaries of technology to drive performance and find new ways of working that benefit our customers,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



Our values and behaviors



Courage



Care



Curiosity



Collaboration

At ABB we:

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 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.

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.

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

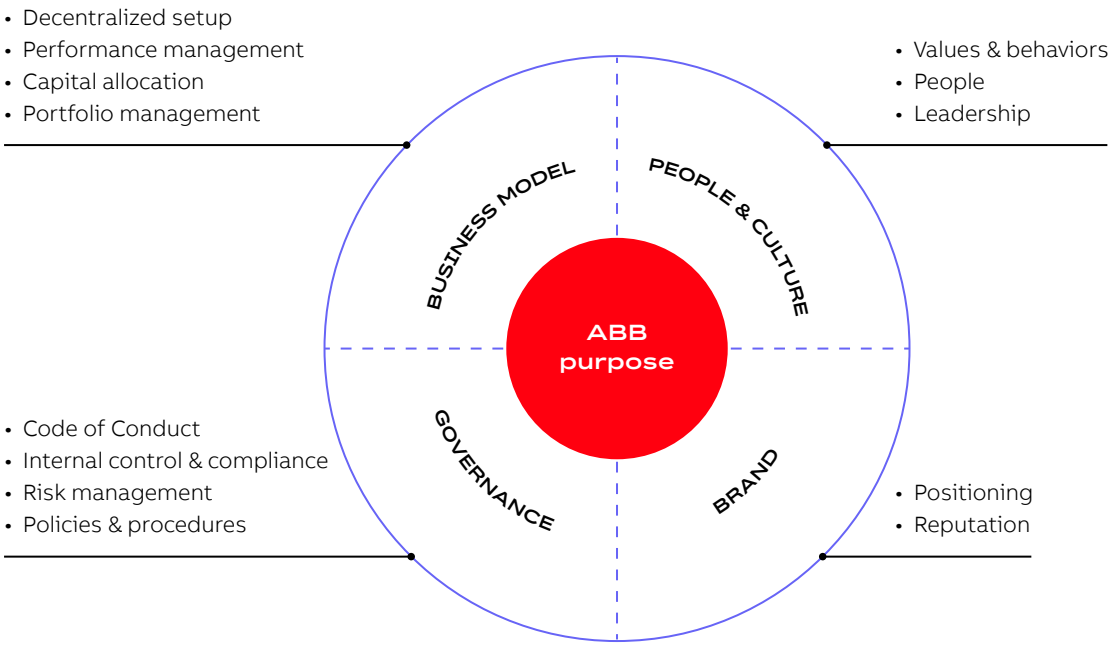
For further information, please see the Value Creation chapter.

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

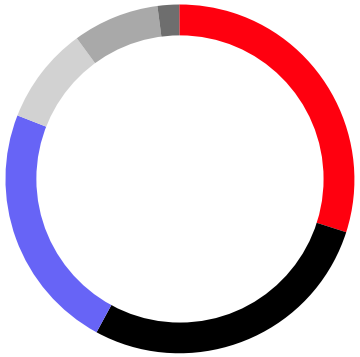
At ABB, our commitment to creating sustainable long-term shareholder value remains a top priority. We aim to deliver long-term value to shareholders through disciplined capital allocation, leading financial performance, and a clear commitment to sustainable growth.

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.

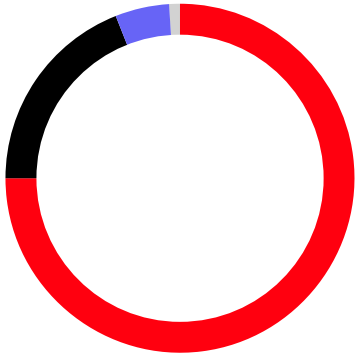
As of December 31, 2025, approximately 30 percent of shares issued were held in Switzerland, 28 percent in the United States, and 23 percent in Sweden. The ten largest individual shareholders accounted for approximately 41 percent of the share capital on the same date. On December 31, 2025, 75 percent 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



- **30%** Switzerland
- **28%** United States
- **23%** Sweden
- **9%** Continental Europe
- **8%** UK and Ireland
- **2%** Rest of World

Breakdown of shareholders by type



- **75%** Institutional investors
- **19%** Retail positions
- **5%** Miscellaneous
- **1%** Company-related holders

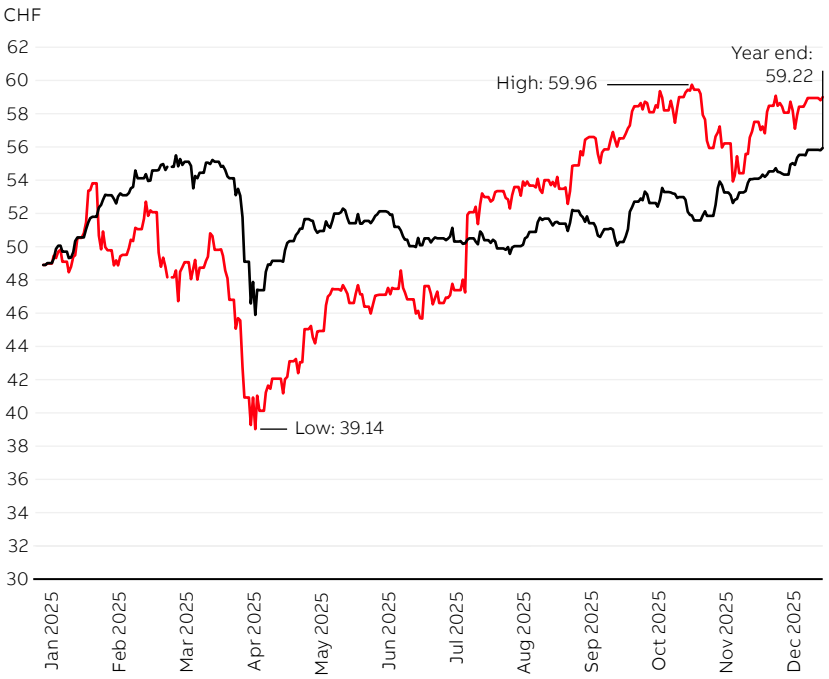
KEY DATA ON SHARE PERFORMANCE

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

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.

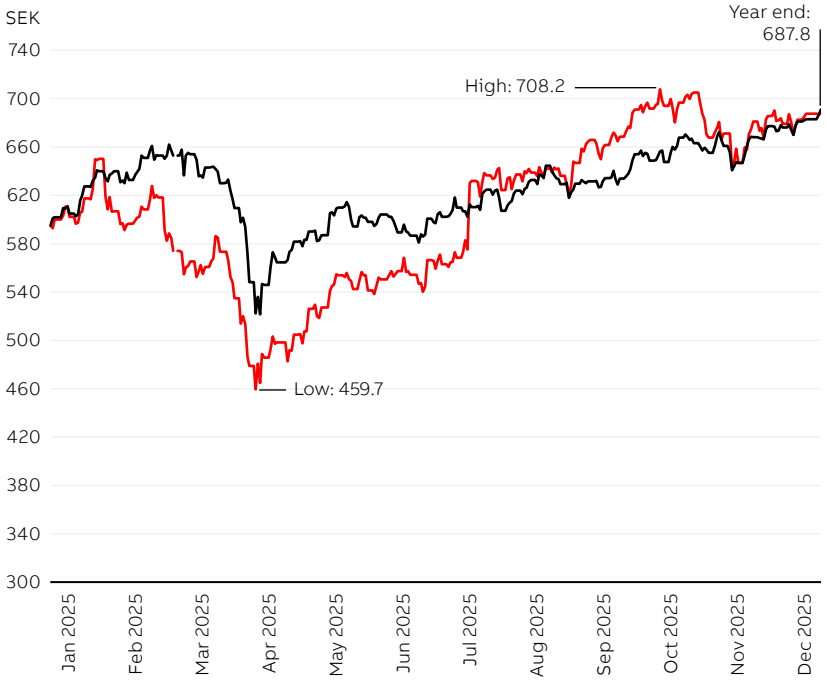
Zurich share performance 2025

Average daily traded number of shares: 2.67 million



Stockholm share performance 2025

Average daily traded number of shares: 0.60 million



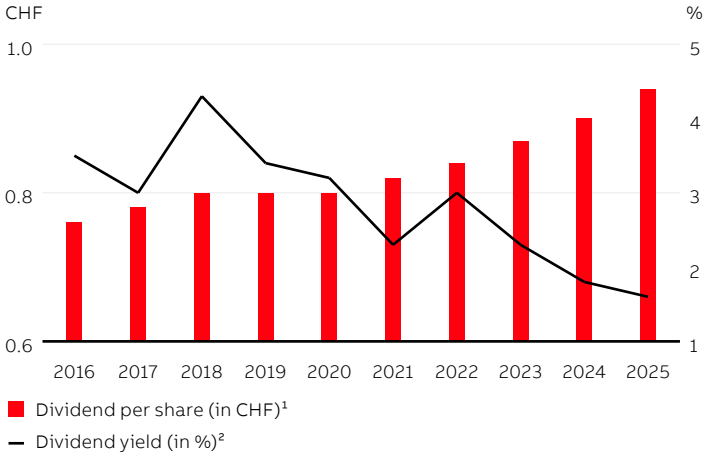
Source: FactSet.

DIVIDEND AND SHARE BUYBACK

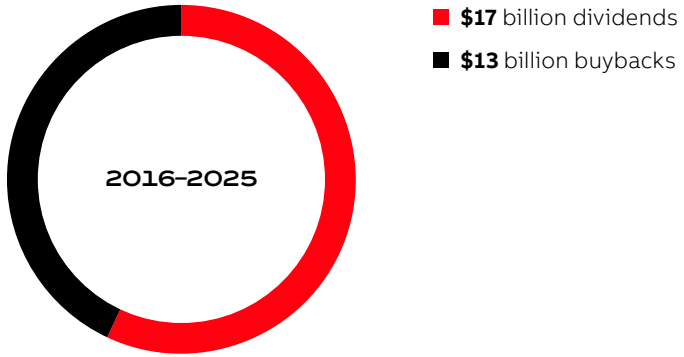
The 2024 declared dividend amounted to $1,867 million. For the year ended December 31, 2025, ABB's Board of Directors has proposed to distribute a dividend to shareholders of CHF 0.94 per share. This is subject to approval by shareholders at the Annual General Meeting on March 19, 2026. The proposal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

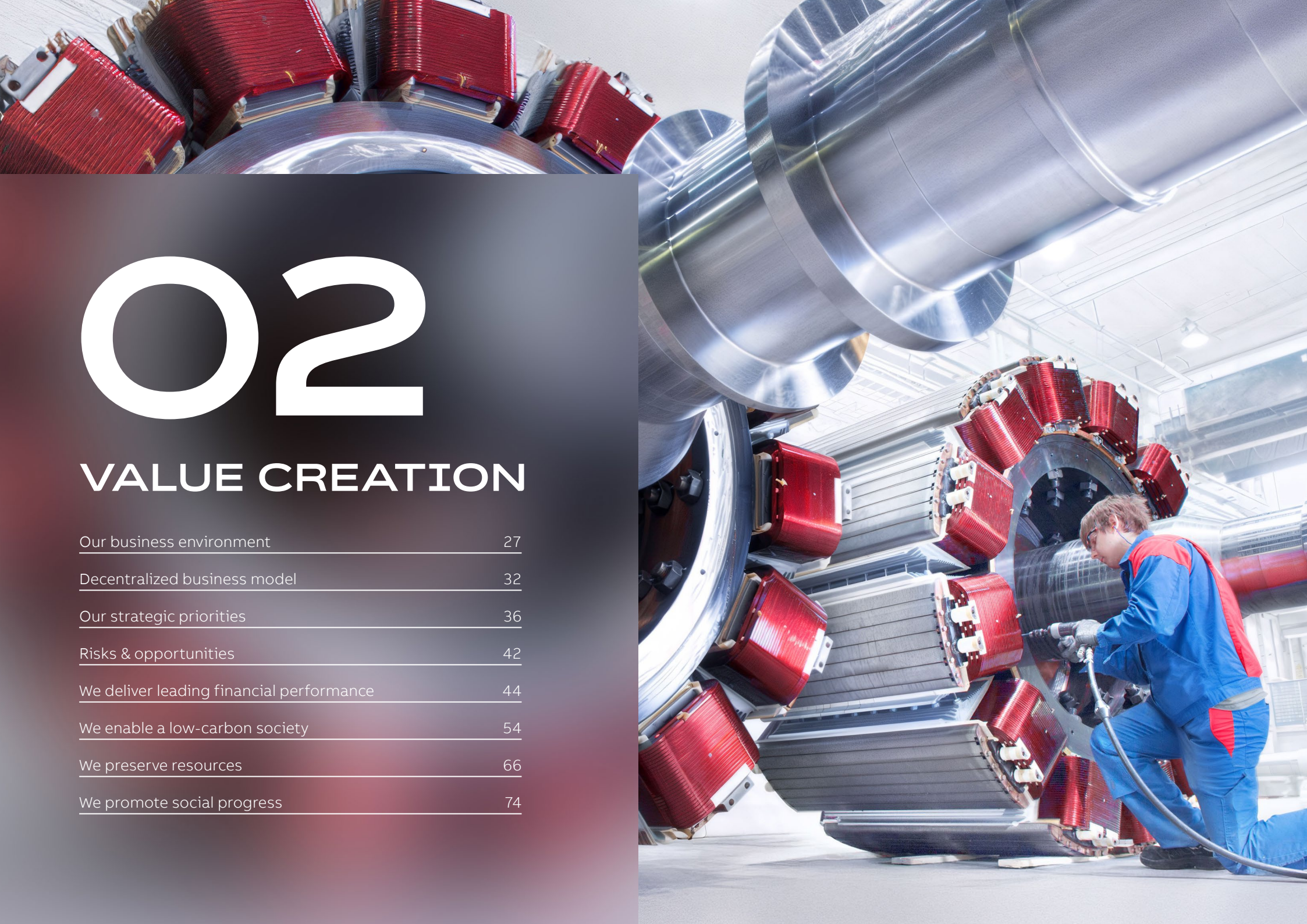
In February 2025, we launched a share buyback program of up to $1.5 billion that ran until the end of January 2026. Together with the prior share buyback program, which ran from April 2024 to January 2025, we repurchased a combined value of $1.3 billion during the year 2025. ABB announced a new share 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

Our business environment 27

Decentralized business model 32

Our strategic priorities 36

Risks & opportunities 42

We deliver leading financial performance 44

We enable a low-carbon society 54

We preserve resources 66

We promote social progress 74

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.



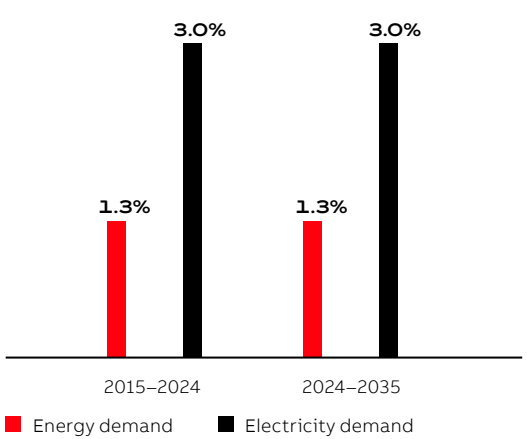
ENERGY EXPANSION AND TRANSITION

The demand for electricity is expected to more than double by 2050[1], 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.

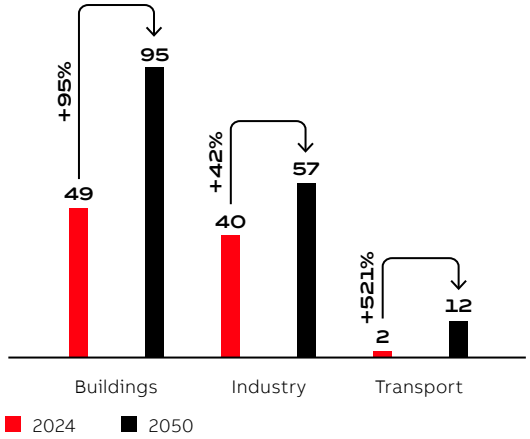
1. IEA World Energy Outlook 2025, Current Policies Scenario (CPS)
2. International Energy Agency (IEA)
3. Management estimate

Electricity – the power of the future

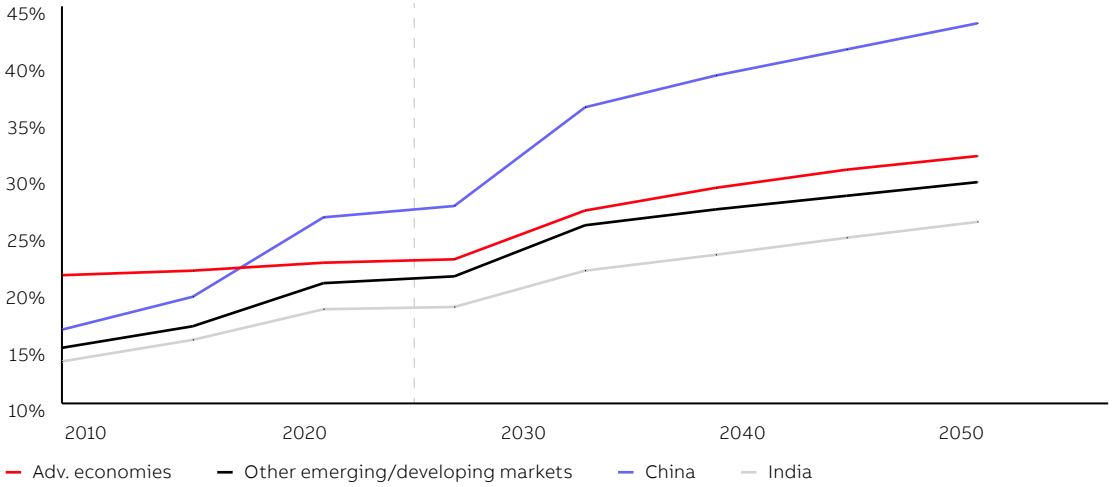
Global electricity demand outpacing energy demand (CAGR in %, IEA CPS)



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.

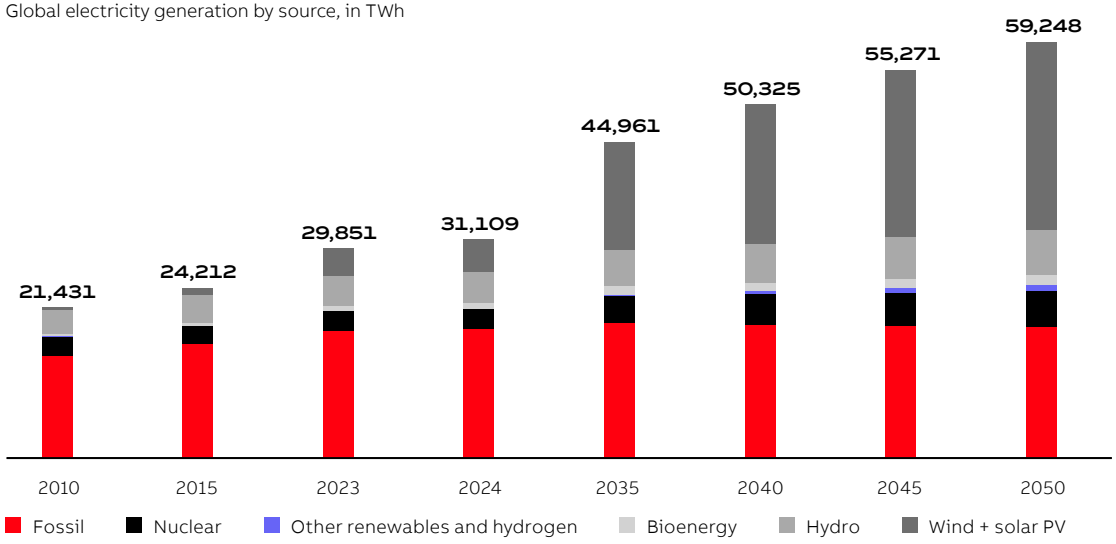
We need optimization energy efficiency

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.

Global electricity generation by source, in TWh



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

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[2], driven by the electrification of transport, expansion of data centers and AI infrastructure, as well as increased cooling needs in buildings.

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[2] 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.

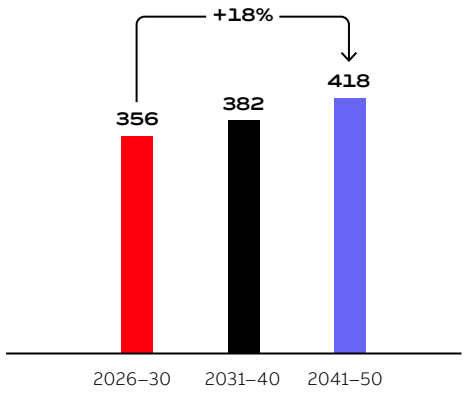
ENERGY EFFICIENCY

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%.***

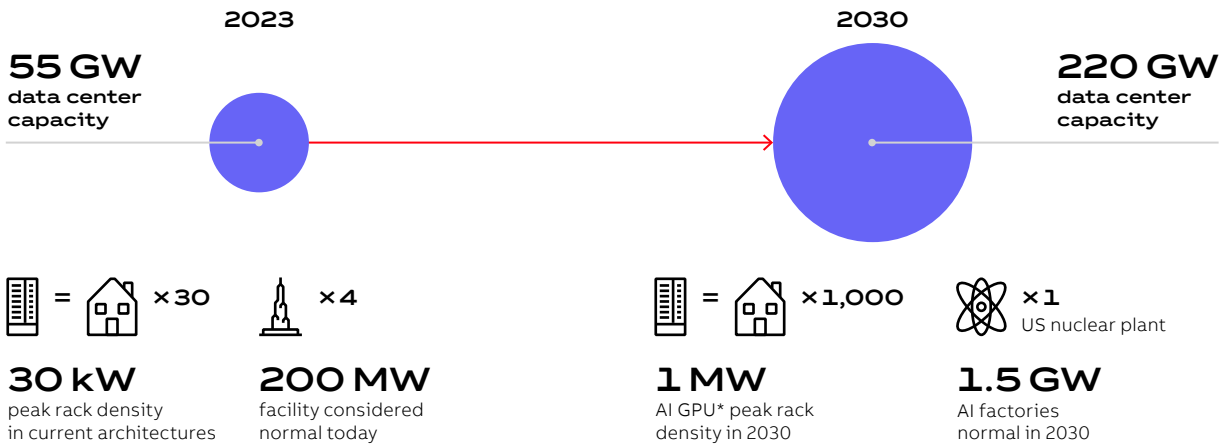
* Management estimate

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[3], 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 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.

Future data centers at 4× power demand



* Graphics Processing Unit

Source: McKinsey, Bank of America, Morgan Stanley, Jefferies, J.P. Morgan

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[3] of our revenues in Europe are covered with local production. In China, it is 85 percent[3] and in the United States close to 80 percent[3].

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.

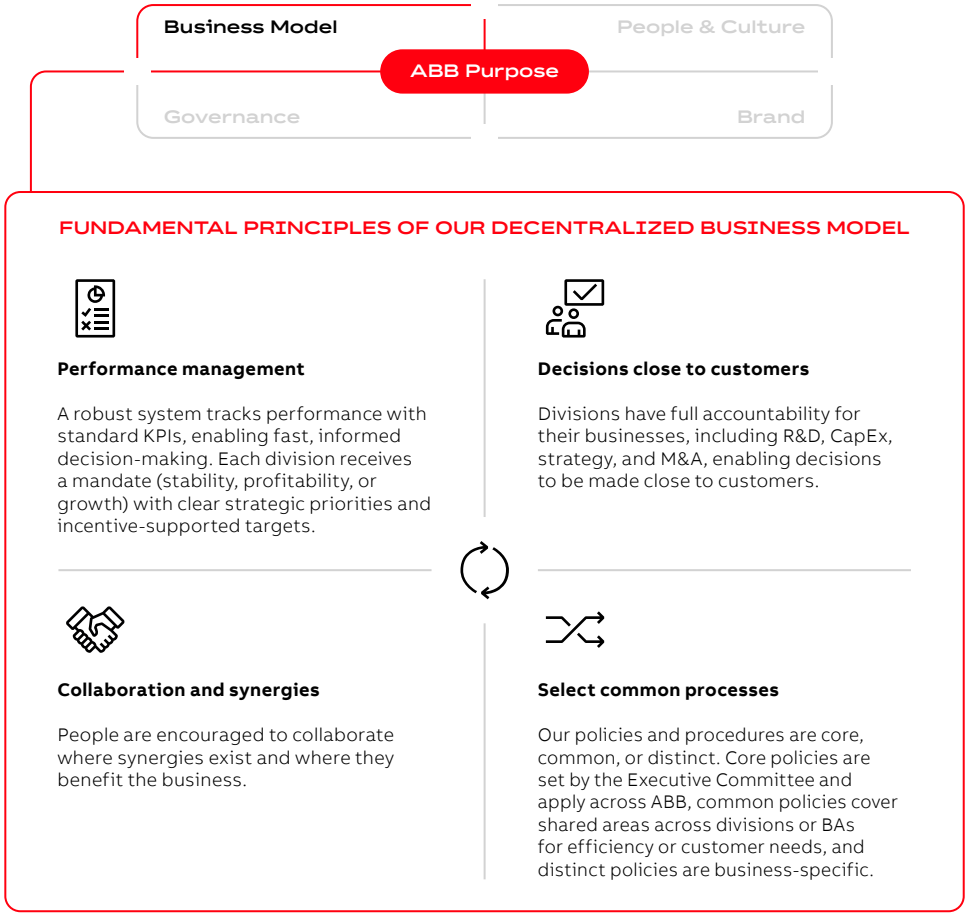
DECENTRALIZED SETUP

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



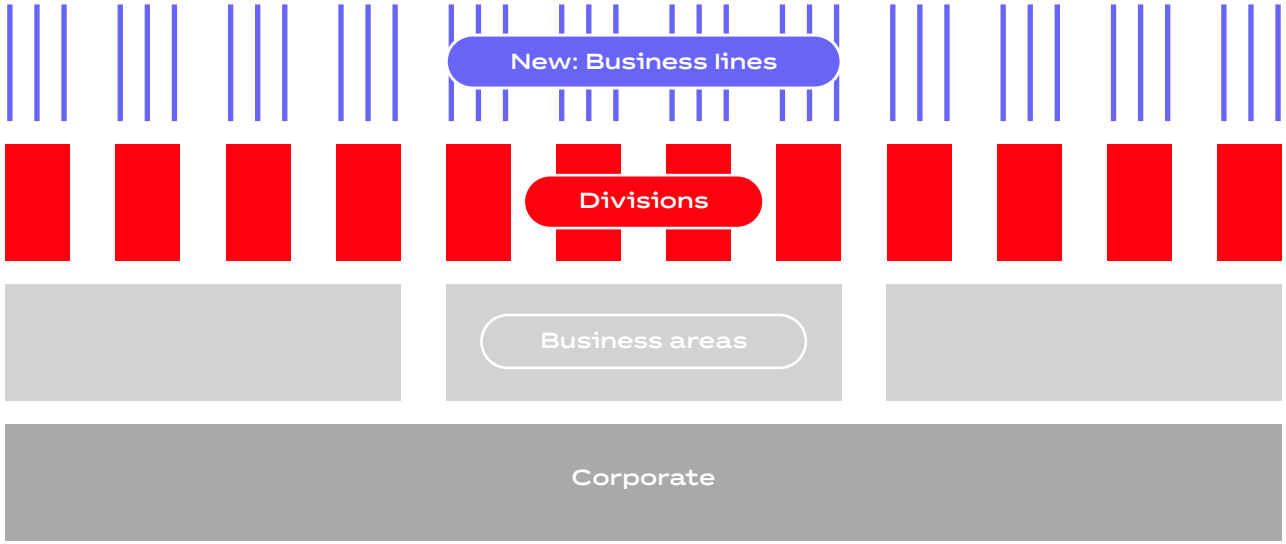
DRIVING OPERATIONAL PERFORMANCE WITH STRATEGIC MANDATES

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

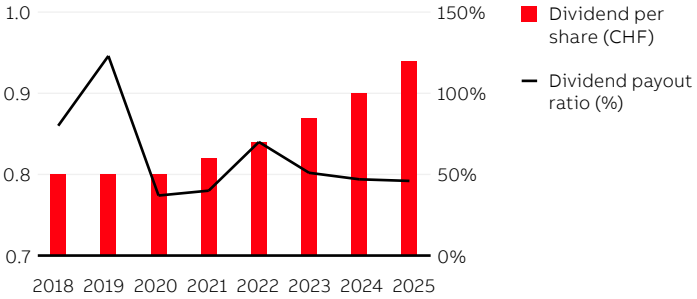
CAPITAL ALLOCATION

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

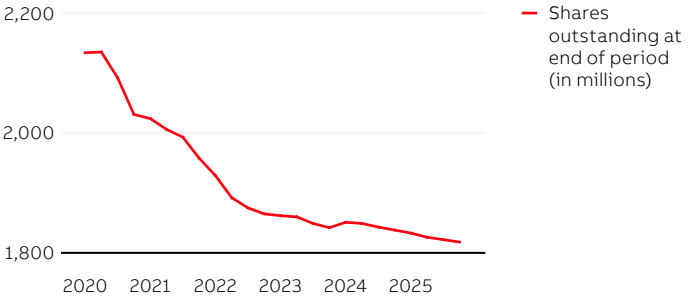
02 Rising, sustainable dividend per share over time



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.

ABB's strategic priorities

01 **Market leadership**

02 **Technology leadership**

03 **Embedding sustainability throughout our operations and value chain**

04 **Active portfolio management**

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.

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

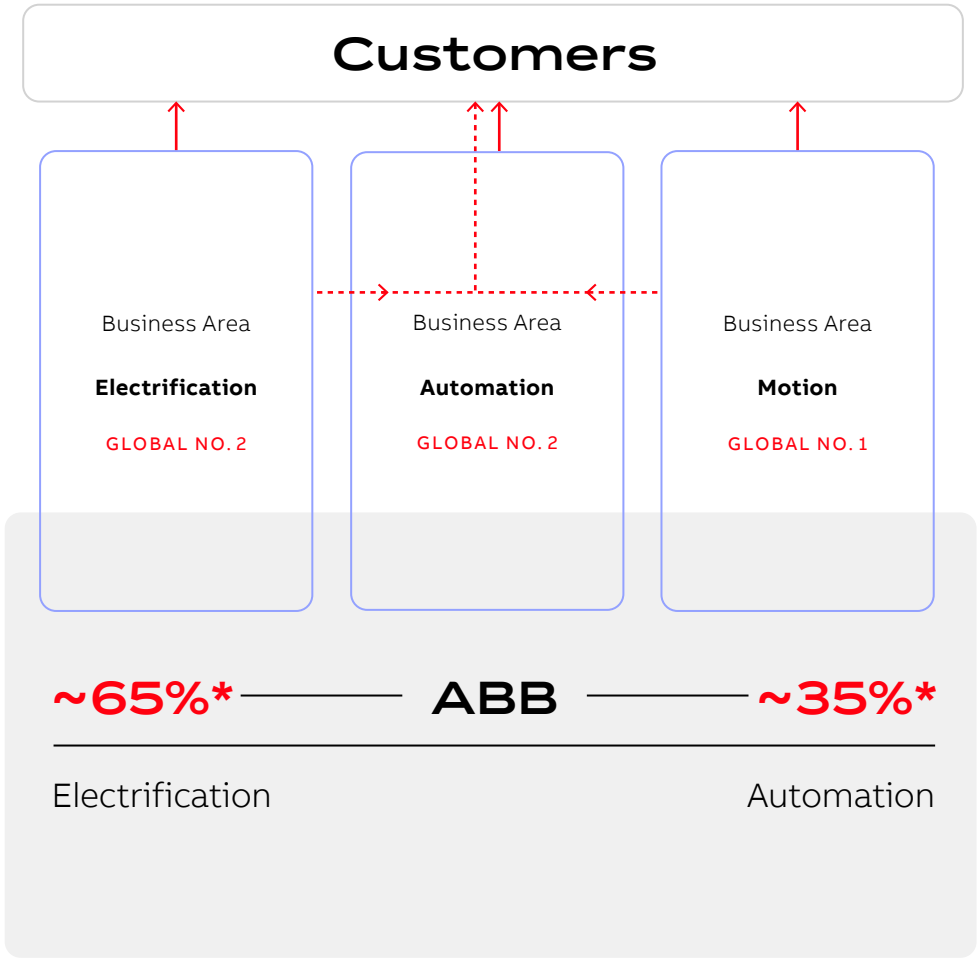
Business in
100+ countries

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

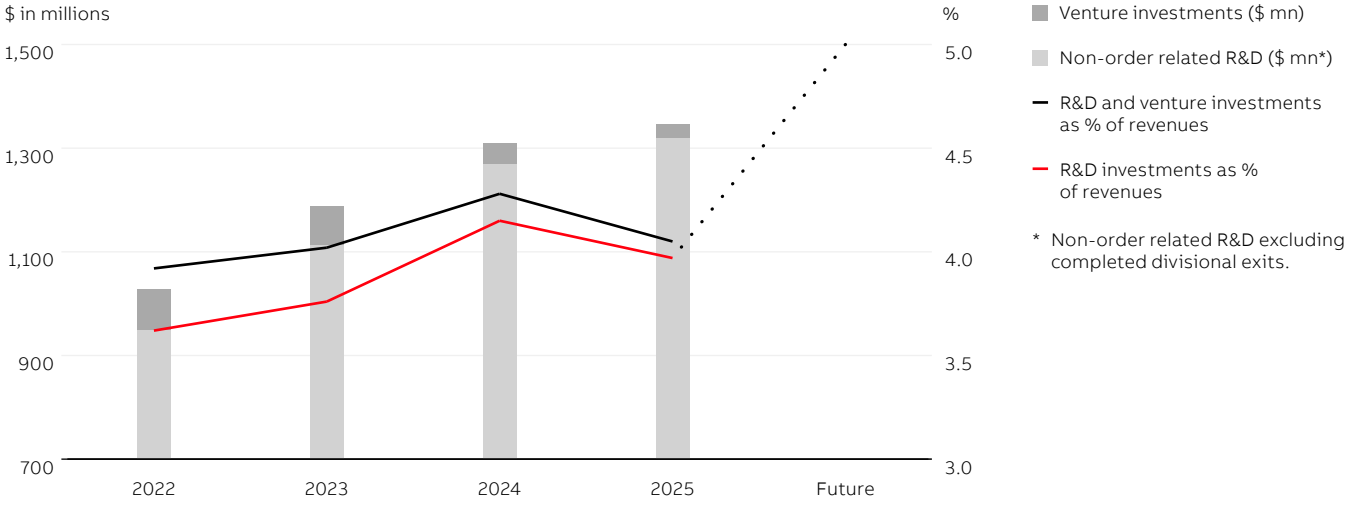
4.0%
R&D as % of revenues invested in 2025

>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%



* Non-order related R&D excluding completed divisional exits.

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

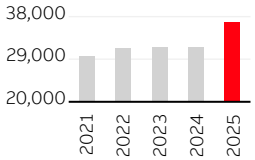
Technology leadership
- Leading electrical and automation engineering know-how
- Embedded software
- Applied AI in products and solutions

+

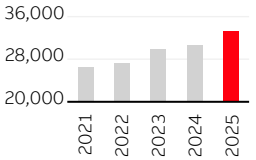
Domain expertise
- Know the industry at least as well as customer
- 140 years of legacy
- Strong distribution network
- Local-for-local footprint

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

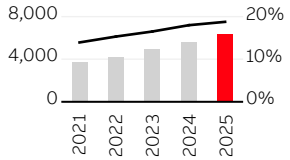
Orders
USD, million



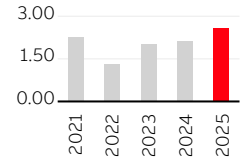
Revenues
USD, million



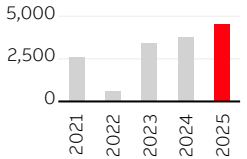
Operational EBITA & Margin



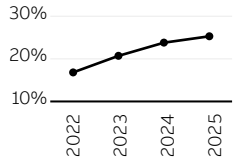
Basic EPS
continuing operations
USD



Free Cash Flow
USD, million



ROCE



ABB

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
Cyber security incidents	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.	• Continuous cyber vulnerability scanning and cyber defense tools to identify and prevent cyber attacks. • Onboarding of IT assets to global security solutions and cyber security training and awareness campaigns.
Geopolitical instability	Increased geopolitical tensions globally resulting in trade restrictions, protectionism, global technology decoupling, raw material price increases and regulatory compliance challenges.	• Evaluation and monitoring of exposure to and dependency on high-risk geographical markets. • Developing alternative supply chains for raw materials and dual sourcing strategies for key components.
Market dynamics and competition	Market shifts and disruptive technologies reshaping value chains, new market players entering key segments, aggressive competitive strategies, and concentration in specific segments.	• Review of portfolio strategy and price positioning in key markets and reinforcement of sales capability in growing segments. • Continuous monitoring of market developments and further advance region-specific product strategies.
Talent and capabilities	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.	• Defining key competencies required to execute strategy and identifying competency gaps across geographies and segments. • Developing structured capability and competence building programs aligned to future workforce needs.
Integrity behavior	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.	• Group-wide integrity training and awareness campaign and continuous improvement of internal control framework. • Active monitoring of legal and regulatory landscape with targeted actions to meet compliance.

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[1]

Revenues reached

$33.2 bn

+7% comparable[1]

Operational EBITA of

$6,314 mn

increasing 13% versus the prior year

Operational EBITA Margin[1] of

19.0%

+80 bps versus prior year

Free Cash Flow[1] of

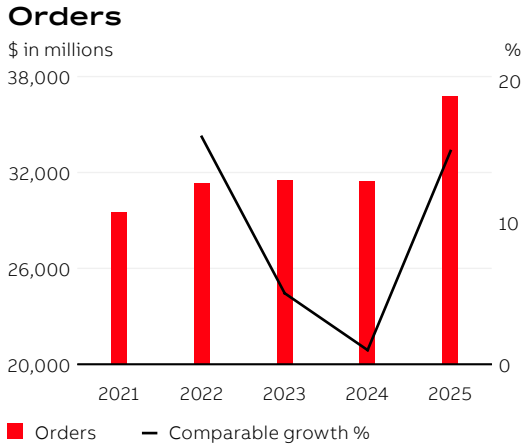
$4.6 bn

improving from last year's high level

Orders and revenues

ORDERS

In 2025, total orders rose sharply by 17 percent (15 percent comparable[1]) 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[1]). 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[1]). 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[1]). 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.



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.

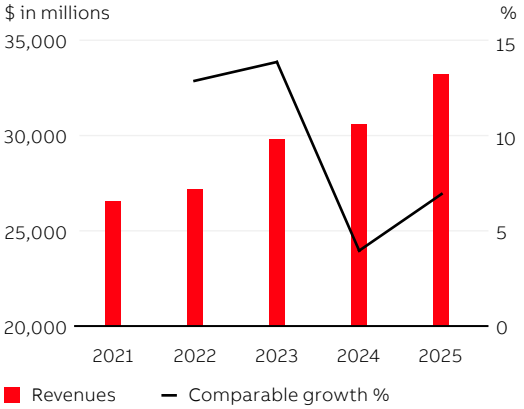
2. For additional information and analysis about individual business area revenues and order performance, refer to the relevant sections of the business analysis in our Financial Report 2025.

In 2025, orders increased 26 percent (26 percent comparable[1]) 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[1]). 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[1]). 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[1]), 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[1]), 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[1]) in the Automation business area. Revenues in the Motion business area increased by 6 percent (4 percent comparable[1]), 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

			Change	
($ in millions, unless otherwise indicated)	**FY 2025**	**FY 2024**	**US$**	**Comparable[1]**
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%
ABB Group	36,765	31,482	17%	15%

REVENUES BY REGION

			Change	
($ in millions, unless otherwise indicated)	**FY 2025**	**FY 2024**	**US$**	**Comparable[1]**
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%
ABB Group	33,220	30,583	9%	7%

GROWTH

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

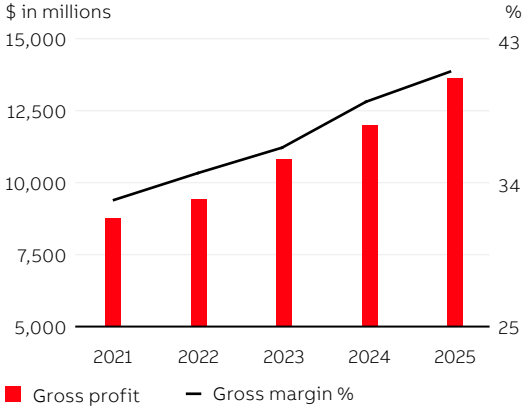
Earnings

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[1]) 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



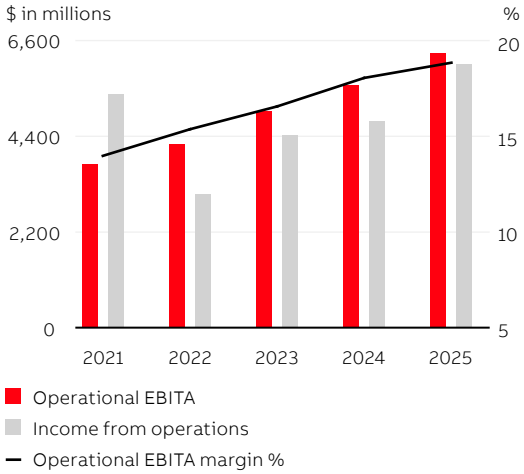
INCOME FROM OPERATIONS

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.

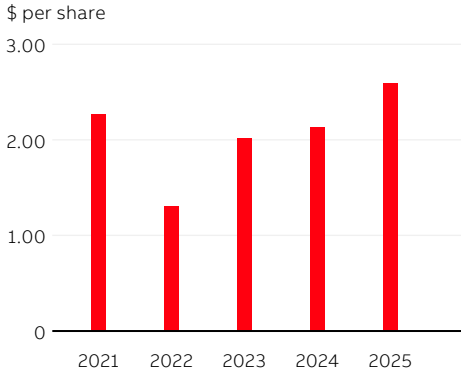
INCOME TAX

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



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[1] 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[1] was 13.0 percent, a reduction from 14.3 percent one year ago.

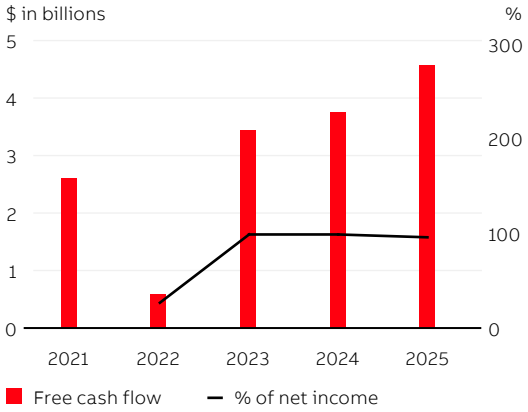
CAPITAL EXPENDITURES

Purchases of property, plant, equipment, and intangible assets for continuiing 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)[1] increased by $629 million to $4,566 million, with an FCF conversion to net income[1] of 96 percent.

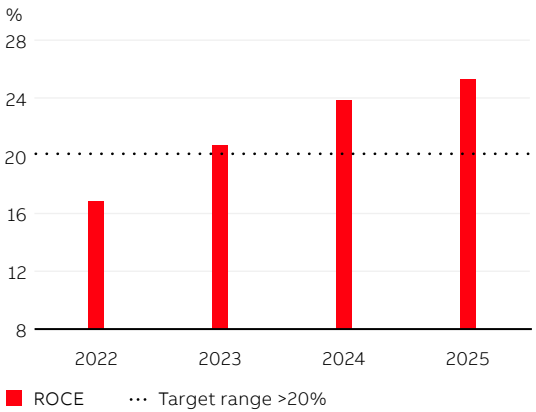
Free cash flow and conversion rate



RETURN ON CAPITAL EMPLOYED

Return on Capital Employed (ROCE)[1] 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)

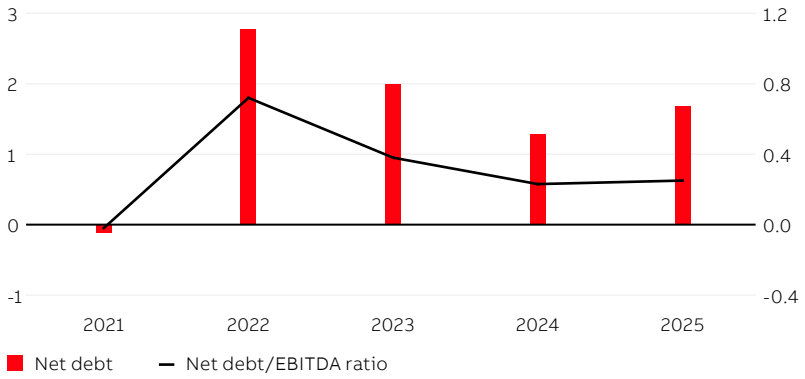


NET DEBT

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
Total debt	**8,304**	**6,940**
Cash and equivalents	4,640	4,326
Marketable securities and short-term investments	1,981	1,334
Cash and marketable securities	**6,621**	**5,660**
Net debt	**1,683**	**1,280**

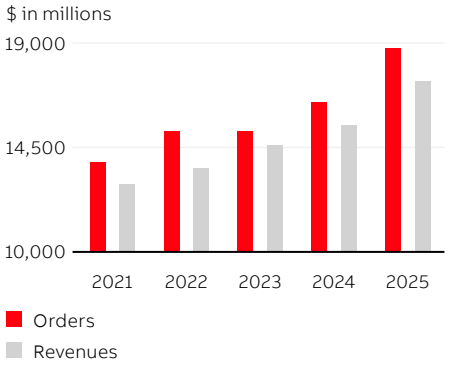
Performance of business areas

ELECTRIFICATION

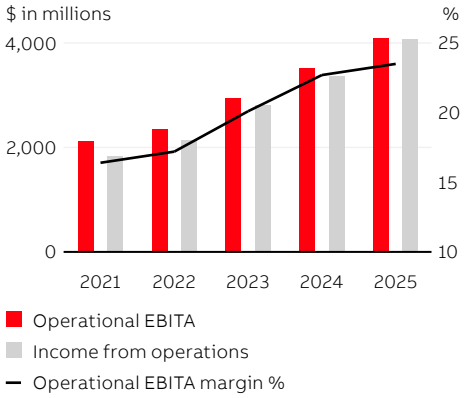
KEY FIGURES

($ in millions, unless otherwise indicated)	FY 2025	FY 2024	Change US$	Change 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

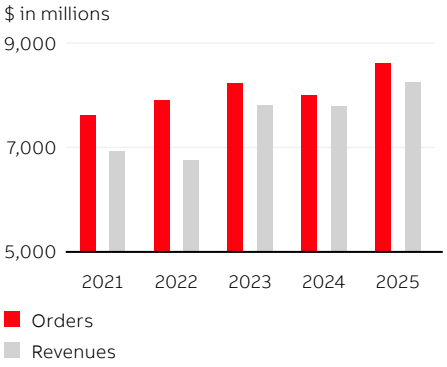


MOTION

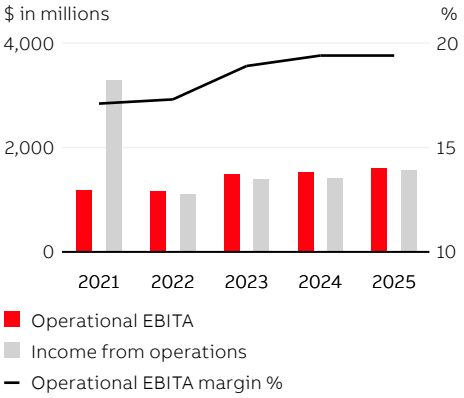
KEY FIGURES

($ in millions, unless otherwise indicated)	FY 2025	FY 2024	Change US$	Change 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

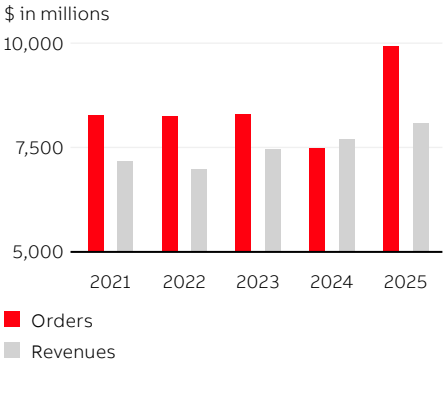


AUTOMATION

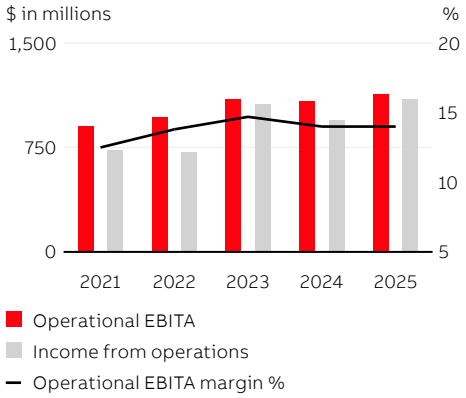
KEY FIGURES

($ in millions, unless otherwise indicated)	FY 2025	FY 2024	Change US$	Change 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.

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.

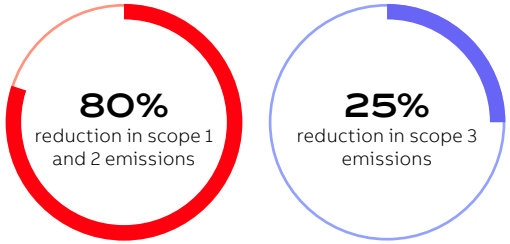
ABB's operational greenhouse gas emissions (scope 1 and 2) are generated from manufacturing, assembly, and logistics. These account for less than one percent of our total emissions while more than 99 percent come from our value chain, from raw material extraction to product end-of-life. The single greatest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

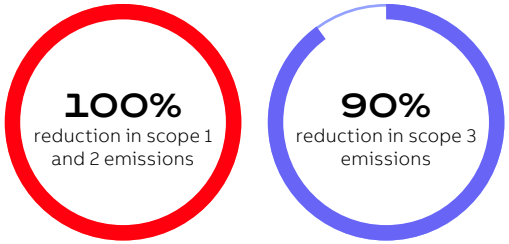
Our Science Based Targets guide ABB's efforts to reduce scope 1, 2, and 3 emissions. Validated by the Science Based Targets Initiative (SBTi), ABB has committed to achieve the following targets:

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.

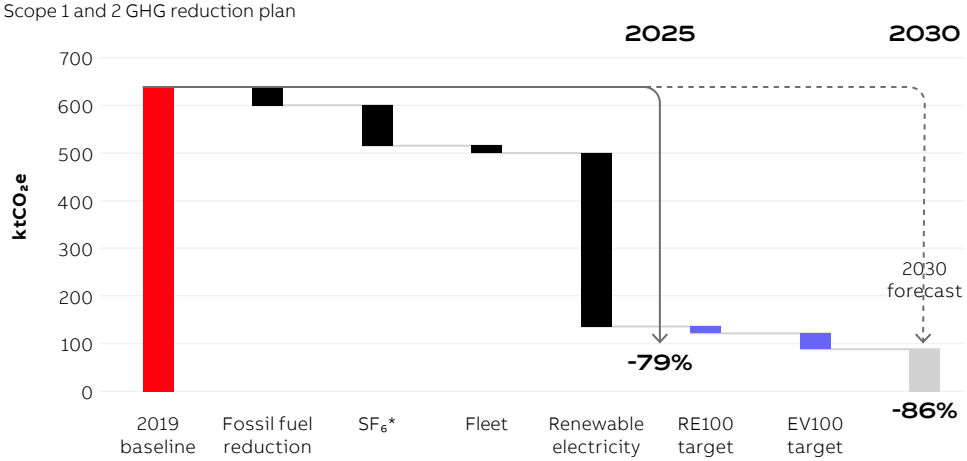
GOVERNANCE

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

Scope 1 and 2 GHG reduction plan



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).

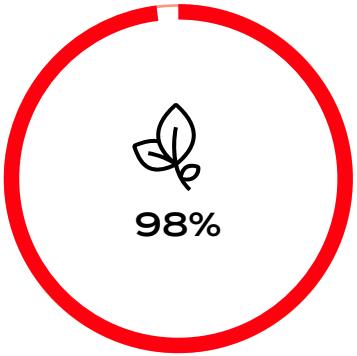
In line with our efforts to accelerate reductions in our scope 1 and 2 emissions, we have committed to three Climate Group initiatives that focus on renewable energy (RE100), fleet electrification (EV100), and energy efficiency and productivity (Smart Energy Coalition).

We are also reducing operational use of sulfur hexafluoride (SF_6), a potent greenhouse gas used in medium-voltage equipment. To do so, we are working to minimize use of SF_6 in our products, prevent leakages in our operations, and introduce SF_6-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.

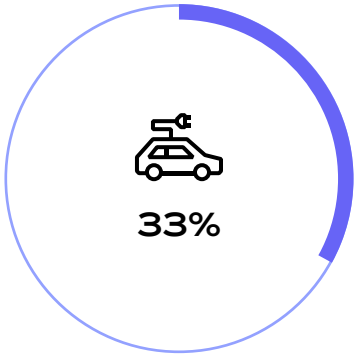
By the end of 2025, 37 ABB sites were recognized to meet Mission to Zero™ requirements.

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.

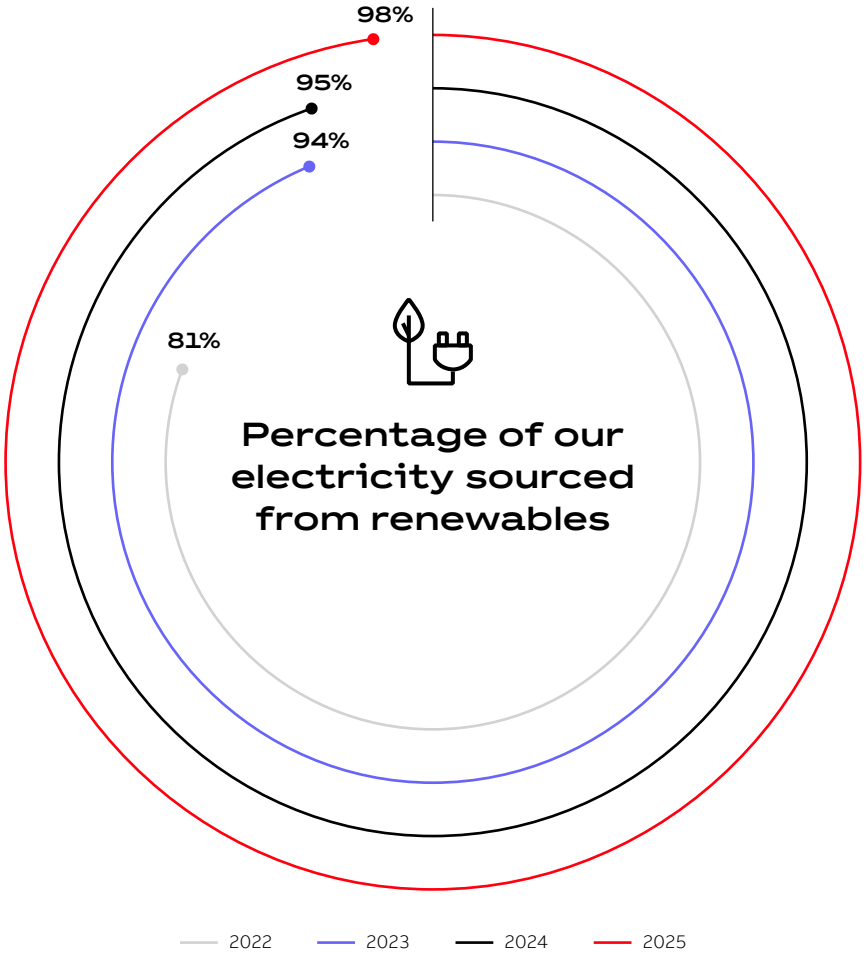
Progress: 33% of 10,000+ cars are electric while 241 of ABB-owned sites have EV charging infrastructure.



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

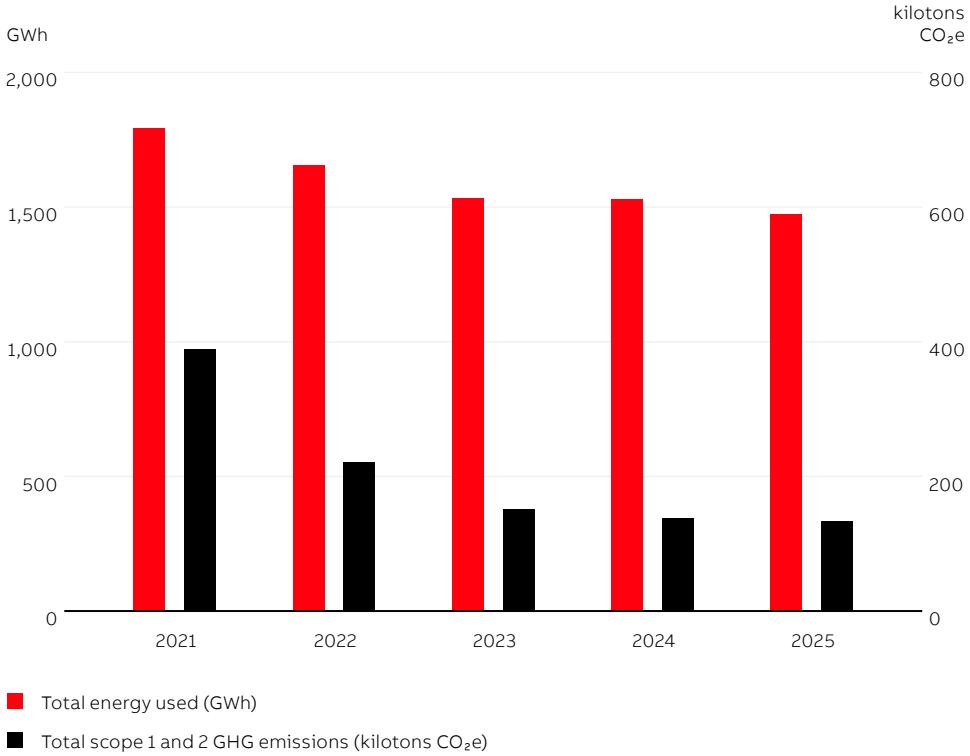
Progress: A 3.7% drop in energy consumption from 2024 to 2025 despite revenue growth. This contributed to a 61% improvement in energy productivity since 2019.

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.

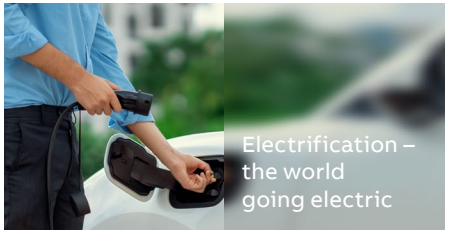
AVOIDED EMISSIONS

Our ambition is to enable customers to avoid 600 megatons of CO_2e 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_2e 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.

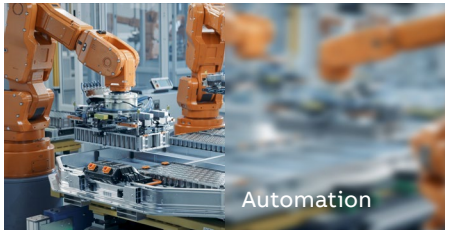
ABB's technologies are at the core of accelerating the energy transition

Key market trends support demand for our customer offerings









Supporting all relevant sectors to optimize, electrify, and decarbonize

Energy-related GHG emissions by segment[1]	ABB service offerings	% of ABB revenues by sector[2]
Power **40%**	Renewables integration; Generators; Synchronous condensers; Hydrogen	16% Utilities
Industry **25%**	High-efficiency motors and variable speed drives; Electrification of heavy-duty trucks; Optimization and factory automation; Emissions monitoring and leak detection	52% Industry
Transport **22%**	Marine hybrid and electric propulsion systems; EV onboard equipment and charging; E-buses and fleet charging and propulsion; Rail traction electric	14% Transport and Infrastructure
Buildings **8%**	Building energy management; Power distribution; HVAC control; Lighting and comfort control	19% Buildings

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.





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 40 MVA system, which can be scaled to 100 MVA, 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.

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 future-proofing 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.



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_2e 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.



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_2e 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.



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.



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.

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.



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.



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.

VALUE CREATION

WE PROMOTE SOCIAL PROGRESS

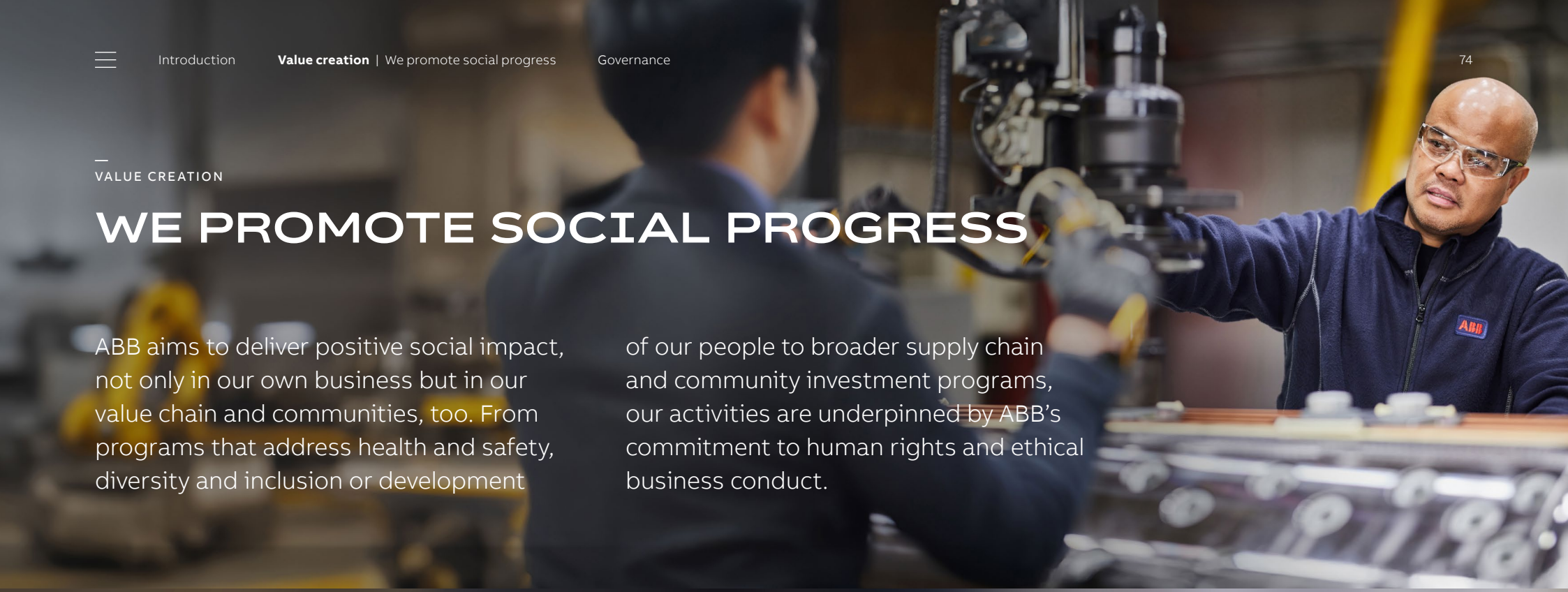


ABB aims to deliver positive social impact, not only in our own business but in our value chain and communities, too. From programs that address health and safety, diversity and inclusion or development of our people to broader supply chain and community investment programs, our activities are underpinned 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.



Engage and Involve

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

Learn and Improve

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

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

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[1].

By 2030, we have committed that women will account for 25 percent of ABB's senior leaders[1]. In 2025, the proportion of female senior managers[2] 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[1]

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.

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.

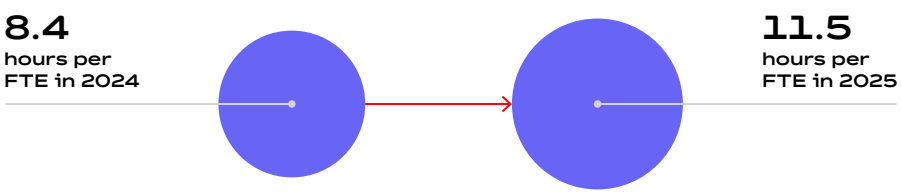
For example, our annual engagement survey seeks input from our entire global workforce on their experience of working for ABB. Other engagement might include quick pulse surveys, focus groups, social media or townhalls, to share strategic updates or hold leadership Q&As. As our largest engagement exercise, 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.

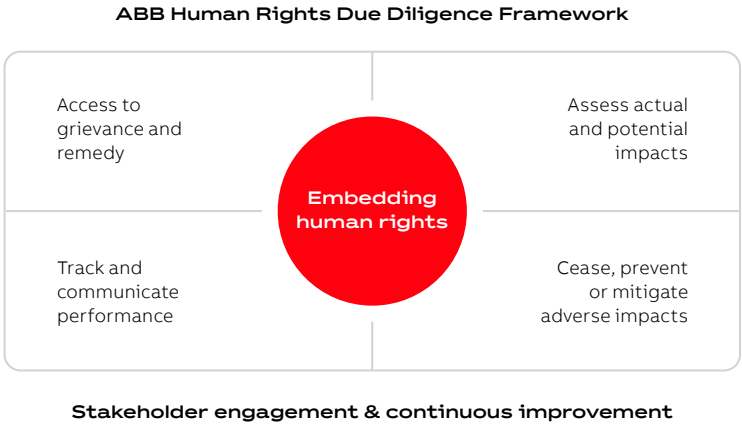
The company's commitment and expectations to respect human rights applies to every individual who works for ABB or engages with us along our value chain.

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:

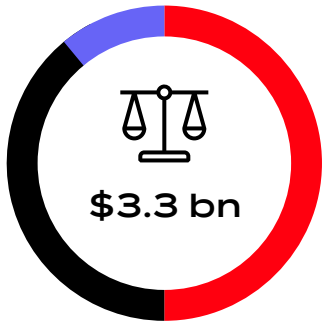
- We comply with tax laws and regulations – in both letter and spirit – wherever we operate;
- We engage only in business transactions which support genuine commercial activity;
- We do not adopt tax structures that are based on form without economic substance;
- We do not use tax havens, hybrid instruments 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



- **50%** Profit taxes
- **39%** People taxes
- **11%** Other taxes

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.



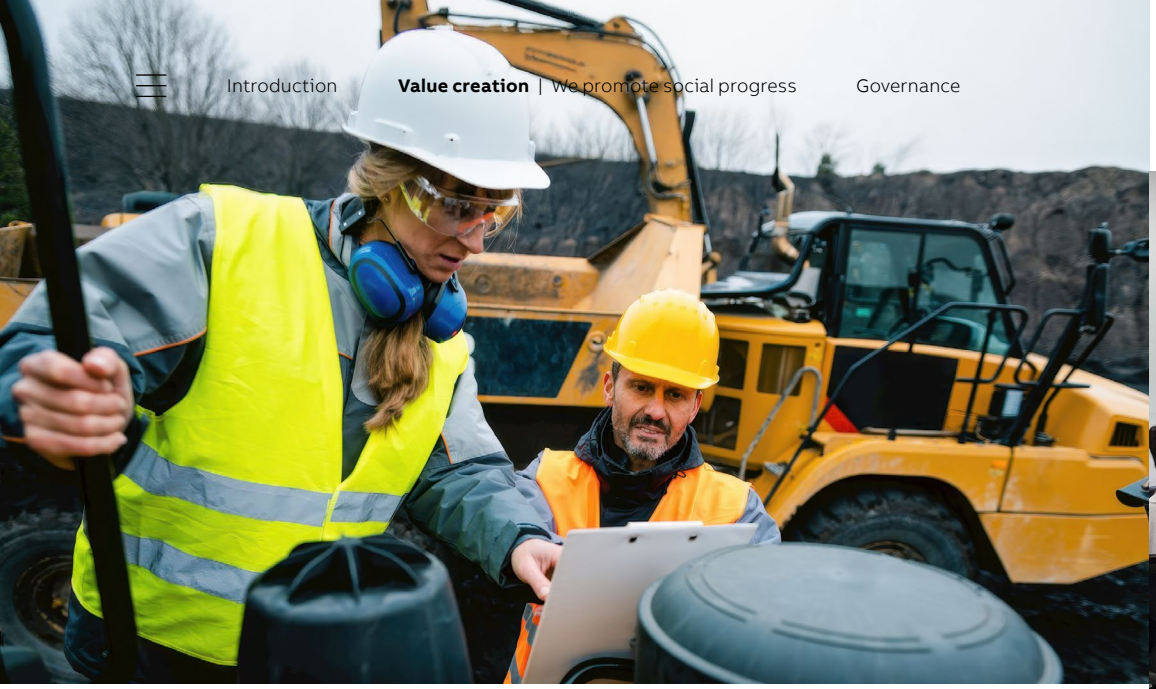
LOCAL DEVELOPMENT

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.



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.



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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Compensation 93

Integrity & Transparency 100



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.

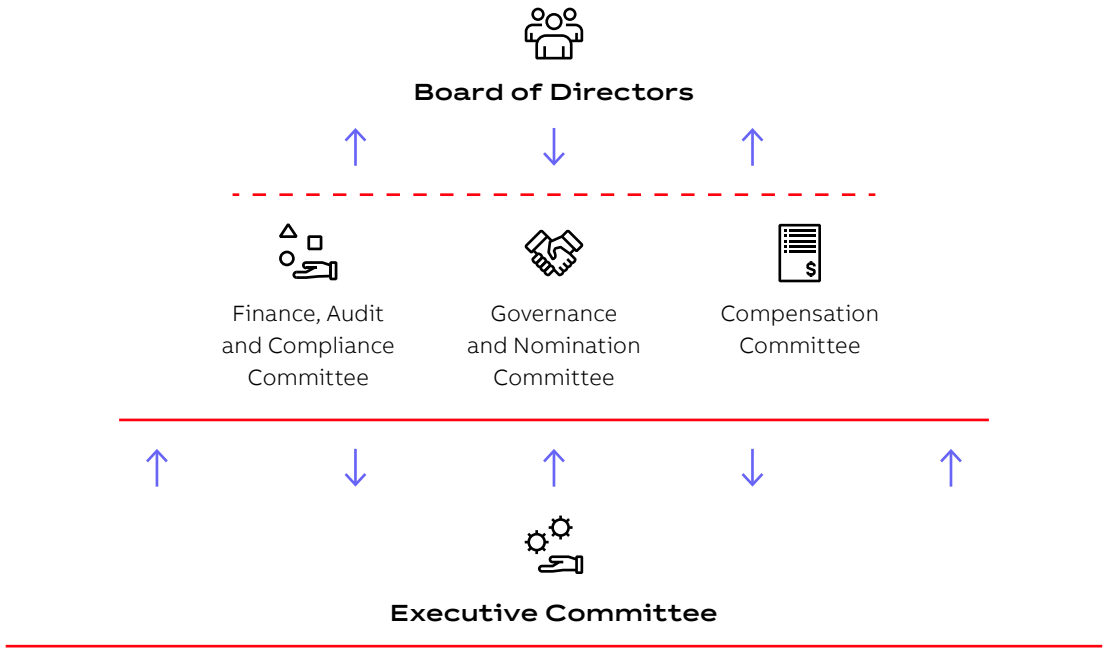
CORPORATE GOVERNANCE

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

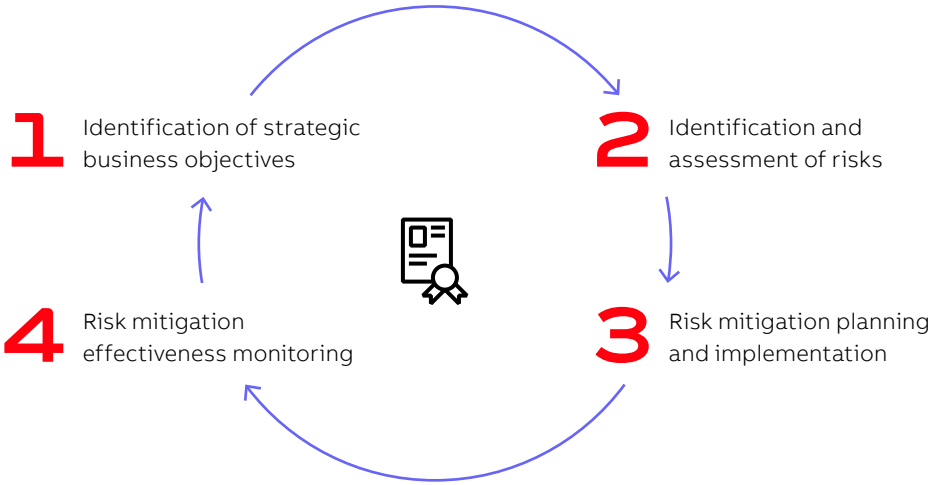
Please refer to the Value Creation chapter for the results of the 2025 ERM process.

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

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[1]	1,200,000	–	–	–	1,200,000
David Constable[2]	290,000	30,000	–	–	320,000
Frederico Curado[3]	290,000	60,000	–	–	350,000
Johan Forssell[2]	290,000	–	–	30,000	320,000
Denise Johnson[2]	290,000	–	40,000	–	330,000
Jennifer Xin–Zhe Li[2]	290,000	30,000	–	–	320,000
Geraldine Matchett[2]	290,000	–	–	30,000	320,000
David Meline[3]	290,000	–	110,000	–	400,000
Claudia Nemat[2]	290,000	–	40,000	–	330,000
Mats Rahmström[2]	290,000	–	40,000	–	330,000
Total					**4,220,000**

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.

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.

EXHIBIT 2

EC compensation structure during 2025

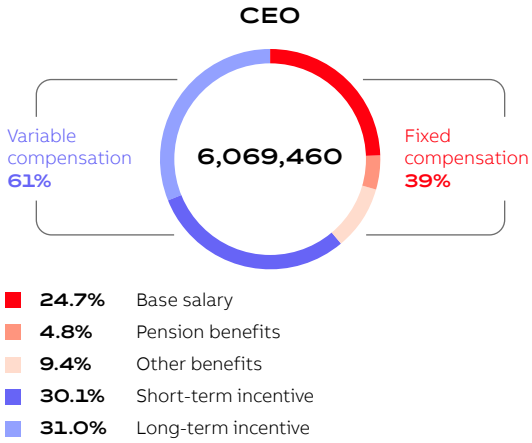
	Fixed compensation – base salary and benefits	Variable compensation – short-term incentive (AIP)	Variable compensation – long-term incentive (LTIP)	Wealth at risk/ share ownership
Purpose and link to strategy	Facilitates attraction and retention of talented EC members; base salary compensates for the 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
Operation	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
Opportunity level (as % of base salary)	Based on scope of responsibilities, personal experience, and skillset	Minimum 0% Target 100% Maximum 150%	**CEO** Minimum 0% Target 150% Maximum 300% **Other EC members**[1] Minimum 0% Target 150% Maximum 300%	**CEO** 500% of annual salary (net of taxes) **Other EC members** 400% of annual salary (net of taxes)
Performance indicators	Changes to base salary consider individual performance, future potential, broadening of responsibilities, and external benchmarking	 90% Group financial results 10% Sustainability results  20% Group financial results 70% Business area financial results 10% Sustainability results	 50% Average EPS 30% Relative TSR 20% Sustainability	Exposure to ABB share price

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.

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[1]



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

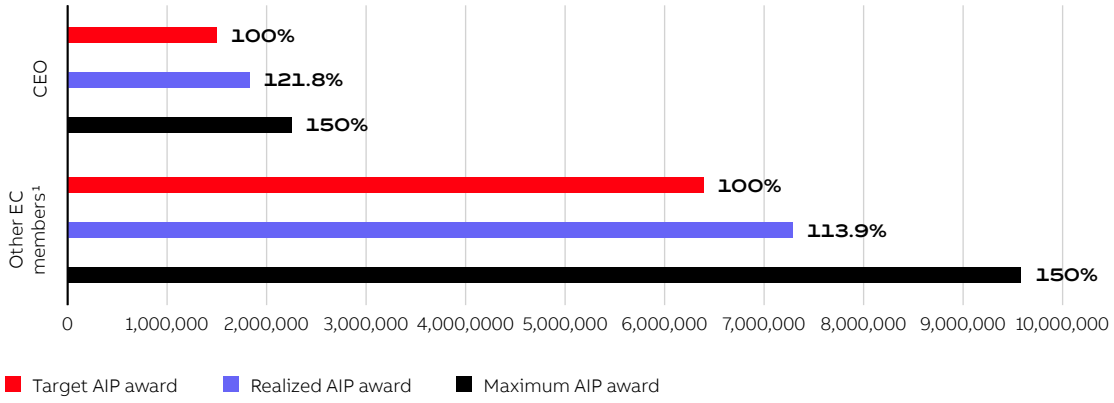
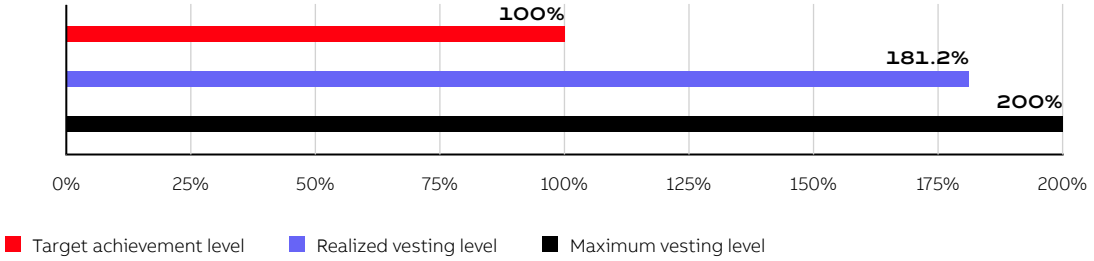


EXHIBIT 5

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.

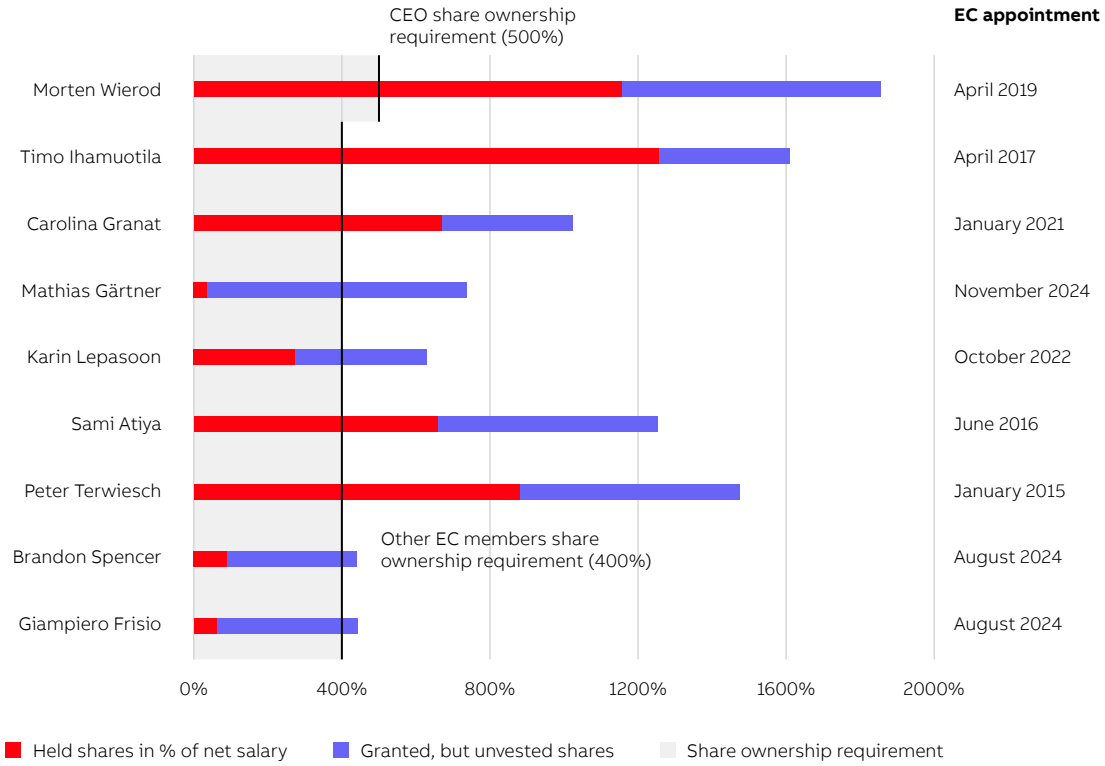
The average outcome of the 2025 AIP awards for EC members on December 31, 2025 was 114.8 percent of target (Exhibit 4), and the LTIP awards that vested in 2025 (2022 LTIP) exceeded target level, with a final vesting level of 181.2 percent of target (Exhibit 5). Further details related to the realized 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.

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.

EXHIBIT 6

EC shareholding compared to share ownership guideline[1]



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
Core Governing Policy & Procedures embedding ABAC controls	Code of Conduct 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, antitrust 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 antitrust 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.

TRACKING RESPONSIBLE SOURCING

	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)[1]	223	318
Supplier teams trained on responsible sourcing	111	791[2]

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.

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

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
April 22, 2026	Q1 2026 results
July 16, 2026	Q2 2026 results
October 20, 2026	Q3 2026 results
January 28, 2027	Q4 and FY 2026 results

Caution concerning forward-looking statements

The Integrated Report 2025 includes forward-looking statements and information that are based largely on current expectations, estimates, and projections about the factors that may affect our future performance, including global economic conditions as well as the economic conditions of the regions and the industries that are major markets for ABB. The words “believe,” “may,” “will,” “estimate,” “continue,” “target,” “anticipate,” “intend,” “expect,” “plan”, and similar words and the express or implied discussion of strategy, plans, or intentions are intended to identify forward-looking statements. These forward-looking statements are subject to risks, uncertainties, and assumptions, including, among other things, the following: (i) business risks related to the volatile global economic environment; (ii) risks inherent in large, long-term projects served by parts of our business; (iii) changes in interest rates and fluctuations in currency exchange rates; (iv) effects of competition and changes in economic and market conditions in the product markets and geographic areas in which we operate; (v) effects of, and changes in, laws, regulations, governmental policies, taxation, or accounting standards, and practices and (vi) other factors described in in our public disclosures, including our quarterly financial information booklet and Annual Reporting Suite. Although we believe that the expectations reflected in any such forward-looking statements are based on reasonable assumptions, we can give no assurance that they will be achieved. We undertake no obligation to update publicly or revise any forward-looking statements because of new information, future events, or otherwise. In light of these risks and uncertainties, the forward-looking information, events, and circumstances might not occur. Our actual results and performance could differ substantially from those anticipated in our forward-looking statements.



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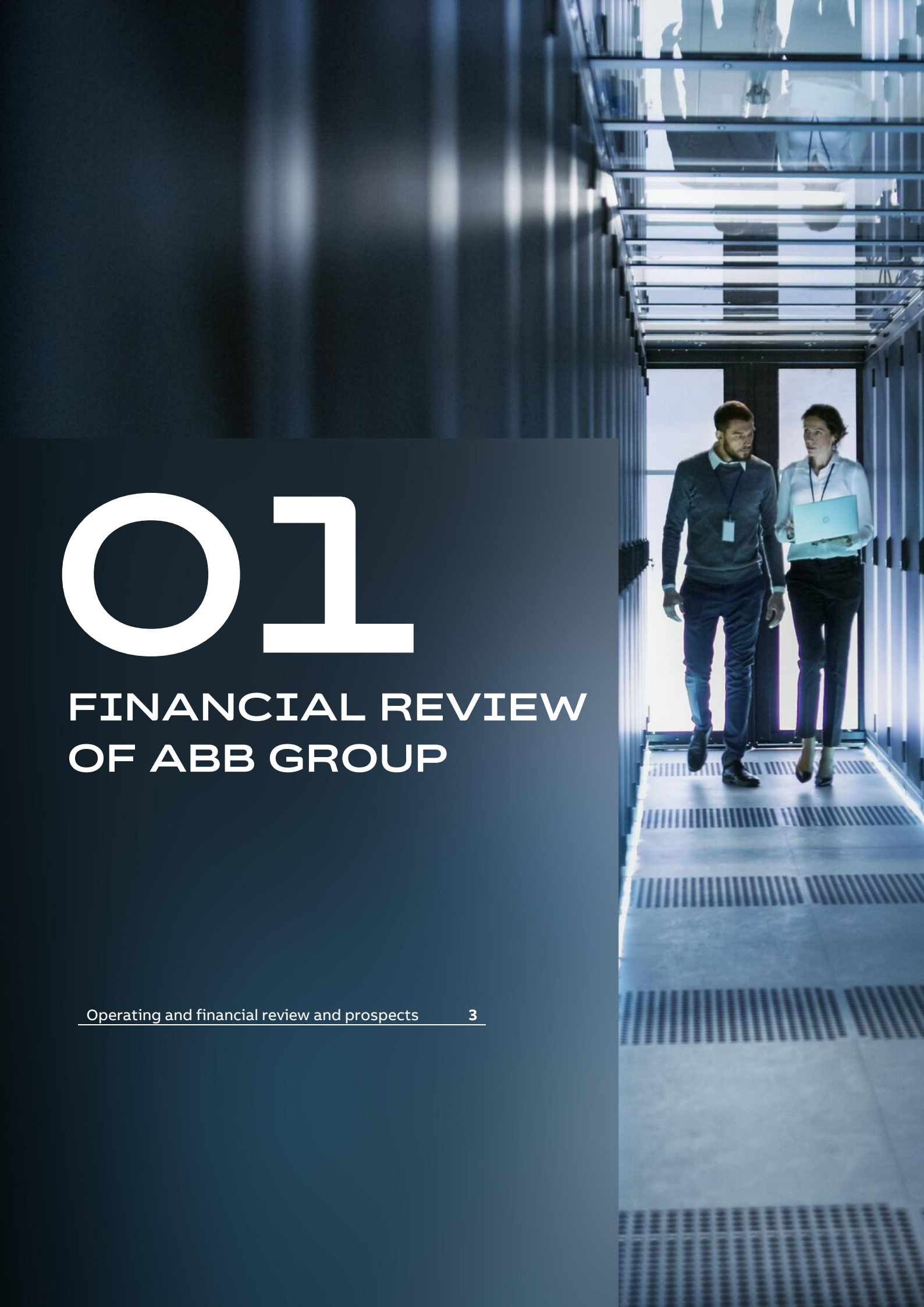
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INTRODUCTION

ABOUT ABB

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'. Our company has over 140 years of history and around 110,000 employees worldwide.

We operate in approximately 100 countries across three regions: Europe, the Americas, and Asia, Middle East and Africa, and generate revenues in numerous currencies. We are headquartered in Zurich, Switzerland, and we govern our company through our three business areas: Electrification, Motion and Automation (formerly Process Automation). We also operate our Robotics business, which is reported as discontinued operations in our Consolidated Financial Statements (see "Discontinued Operations" section below). For a breakdown of our consolidated revenues (i) by business area, (ii) by geographic region, and (iii) by product type, see "Analysis of results of operations—Revenues" and "Note 23 - Operating segment and geographic data" to our Consolidated Financial Statements.

EMPLOYEES

A breakdown of our employees by geographic region is as follows:

December 31,	2025	2024
Europe	52,400	52,100
The Americas	27,700	26,800
Asia, Middle East and Africa	31,800	31,000
Total	**111,900**	**109,900**

HISTORY OF THE ABB GROUP

The ABB Group was formed in 1988 through a merger between Asea AB and BBC Brown Boveri AG. Initially founded in 1883, Asea AB was a major participant in the introduction of electricity into Swedish homes and businesses and in the development of Sweden's railway network. In the 1940s and 1950s, Asea AB expanded into the power, mining and steel industries. Brown Boveri and Cie. (later renamed BBC Brown Boveri AG) was formed in Switzerland in 1891 and initially specialized in power generation and turbines. In the early to mid-1900s, it expanded its operations throughout Europe and broadened its business operations to include a wide range of electrical engineering activities.

In January 1988, Asea AB and BBC Brown Boveri AG each contributed almost all of their businesses to the newly formed ABB Asea Brown Boveri Ltd, of which they each owned 50 percent. In 1996, Asea AB was renamed ABB AB and BBC Brown Boveri AG was renamed ABB AG. In February 1999, the ABB Group announced a group reconfiguration designed to establish a single parent holding company and a single class of shares. ABB Ltd was incorporated on March 5, 1999, under the laws of Switzerland. In June 1999, ABB Ltd became the holding company for the entire ABB Group. This was accomplished by having ABB Ltd issue shares to the shareholders of ABB AG and ABB AB, the two companies that formerly owned the ABB Group. The ABB Ltd shares were exchanged for the shares of those two companies, which, as a result of the share exchange and certain related transactions, became wholly-owned subsidiaries of ABB Ltd.

ABB Ltd shares are currently traded on the SIX Swiss Exchange and the NASDAQ OMX Stockholm Exchange, and the sponsored level I American Depositary Shares (ADS) are traded on the over-the-counter (OTC) markets under the ticker ABBNY.

ABB TODAY

The ABB Purpose

ABB's purpose is to enable a more sustainable and resource-efficient future with our technology leadership in electrification and automation. We are well positioned to benefit from long-term megatrends of electricity as the future power source and of increasing industrial automation. The global energy need is expanding as electricity demand grows, supporting the energy transition. This is driving significant investment in power generation and grid modernization, including the integration of renewables, as well as investments in energy efficiency, and industrial decarbonization. We also expect to see rising levels of automation and industrial operations becoming more and more autonomous. These are all factors that increase demand for ABB’s electrification and automation solutions.

Market leading technology

Our market-leading position is based on our ambition to hold a number 1 or 2 market position within the segments we operate, our cutting-edge technology and our domain expertise, all of which act as barriers to market entry for potential competitors.

We continuously evolve our offering to remain a relevant and trusted partner to our customers. Our annual non-order related research and development spending in 2025 amounted to 4.0 percent of revenues. We focus our research and development expenditures on key areas of innovation and have spent approximately $4.7 billion since the beginning of 2022, focusing on developing best-in-class products and services in the fields of electrification and automation with the goal of helping our customers to create sustainable resource-efficient value. Embedding software and artificial intelligence (AI) in our products and solutions is an integral part of our strategy, with the majority of our offering including software or being digitally enabled. Over half of our research and development employees are focused on digital solutions. It enables differentiation, creates customer value and drives quality of revenues for ABB.

All three of our business areas are market leaders in their respective fields. Our global reach along with our extensive local presence assists us in scaling innovations to achieve stronger returns, which supports higher investments for future growth. Active globally, our revenues are well-balanced across regions with customers served both directly and through a strong channel partner network.

With its long history, ABB not only invented or pioneered many power and automation technologies but has retained technology and market leadership in many of these areas. Being present in various vertical markets for decades, with close, long-term customer and channel partner relationships, has resulted in our unique deep domain expertise, enabling a thorough understanding of customers’ needs and operations.

The ABB Way operating model

Our decentralized operating model, ABB Way, comprises a select number of common processes covering our business model, our people and culture, the ABB brand and our governance framework. It facilitates accountability, transparency and speed in ABB.

In our operating model, the divisions represent the highest level of operating decisions. They are closest to their respective markets and customer needs. Each division progresses through the strategic mandates and priorities of stability and profitability before growth. In order to deploy full focus on organic and acquired growth to the extent of consolidating the market, the business' structure should be robust and profitability should be at least in line with industry peers.

Each division has full accountability for its results and carries responsibility for business development and maintaining a front-running technology position to secure a leading market position. In 2025, we moved accountability further down within the organization, empowering leaders below the division level with strategic mandates and corresponding incentives to further drive results. Clear mandates and accountability at the business line level (a level below our divisions) will enhance transparency and operational speed across the organization. Furthermore, we have put in place a more transparent and systematic framework for how we assess and use the strategic mandates internally to further drive performance. We have implemented a transparent KPI (key performance indicator) framework for each strategic mandate. This clear and disciplined approach now enables a sharper link between remuneration and delivery on mandate.

Strong performance management is key in a decentralized business model. We apply a standardized monthly scorecard system for the divisions and business areas to support full transparency of operational performance. It is accompanied by a select number of short-term incentives, including the mandatory target to make annual productivity improvements of at least 5 percent each year.

The corporate functions focus on necessary strategic, financial and governance activities, with a lean headcount of less than 800 employees.

Strong markets - Portfolio aligned with megatrends of electrification and automation

Electricity is becoming the primary energy source of the future, making its expansion, efficiency and transition essential. Expansion ensures reliable power for growing populations and industries. Efficiency reduces waste and costs by optimizing existing resources. Transition increases the share of renewables in the energy mix, which is critical to meet rising demand, cut pollution and support a sustainable future.

Data center demand is expected to grow at a double-digit rate in the mid-term, with power capacity potentially reaching over 200 GW, almost four times the capacity installed in 2023. AI-driven data centers require significantly more power, leading to even higher demand for medium-voltage solutions. With our legacy in medium-voltage technology, we can help shape the architecture of future large-scale data centers. As a leader in these solutions, ABB offers a robust portfolio for the data center market, addressing customer challenges regarding growing power and direct grid access needs, and mission-critical power access. This surge in demand is speeding up the move to more energy-efficient and scalable data centers, supporting demand for electrical and automation infrastructure in adjacent segments such as metals & mining, utilities and semiconductors. We benefit from a broad exposure to adjacent industries that will be essential to meet the increasing demand for power and electricity.

Digitalization, AI, workforce shortages, and heightened safety and sustainability demands are accelerating the journey toward autonomous operations – where DCS (distributed control systems) remains the cornerstone. Automation enables our customers to improve safety, boost productivity, enhance sustainability and minimize costly downtime in their operations. Our automation and advanced software applications are designed to unlock greater value from industrial data, enabling predictive maintenance, real-time optimization, and autonomous operations.

BUSINESSES

OUR MARKETS

ABB is a technology leader in electrification and automation with a comprehensive digitalized offering of electrification, motion and automation solutions. Our exposure to customers is geographically balanced while catering to multiple end-markets and segments. We believe our customer offering is well positioned to benefit from secular growth drivers, including the expansion of the energy system due to growing demand for electricity and the accelerating energy transition. At the same time, rapid advances in digitalization and AI, as well as evolving supply chains, are increasing demand for ABB's electrification and automation solutions.

We are focused on creating superior customer value through our comprehensive, modular offering, combining traditional products and services with software-enabled products and systems, as well as digital services and software that we sell both separately and combined as scalable solutions. Our advanced software is a key differentiation of our digital offering and around half of our approximately 7,800 employees in research and development are active in software development.

The majority of our businesses are market leaders within their respective segments. We believe maintaining a number 1 or 2 market position is critical, as it provides the opportunity for price leadership, which in turn supports profitability, enabling us to invest further in research and development to sustain our technological leadership. For a discussion of the geographic distribution of our total revenues, see "Analysis of results of operations—Revenues."

Industry market

Approximately half of our revenues are derived from customers within the industrial segment where we serve production facilities and factories all around the world, from process industries such as oil and gas, pulp and paper as well as mining, to discrete industries mainly linked to our Machine Automation division.

Late-cycle process industries remained stable or improved in most customer segments. Strength was noted in conventional power generation as well as in oil & gas, while declines were noted in pulp and paper, and chemicals.

In discrete industries, orders in the machine builder segment increased sharply from a low comparable, however the absolute level remains subdued in a continued challenging market.

Buildings market

Approximately one-fifth of our offering is sold into the buildings market, with about two-thirds focused on commercial buildings and one-third on residential. Overall, orders in the buildings market improved, driven by positive developments in the commercial sector, particularly in the United States, while China continues to show weakness. The residential segment stabilized outside of China, which remains a challenging market.

Transport & infrastructure market

Approximately one-seventh of our customers operate in the transport & infrastructure market. Our expertise provides efficient, reliable and sustainable solutions for these customers, with a focus on energy efficiency and reduced operating costs.

Demand for data centers remained robust, fueled by the expansion of digital services, including AI and remote work. In the marine segment, we experienced positive developments in both marine and port operations, while strong customer activity continued in the rail segment.

Utilities market

We deliver solutions mainly for distribution utilities and renewables customers, while continuing to service conventional power generation customers with our control and automation solutions.

During 2025, we saw strong growth related to conventional power generation, as well as nuclear, while the renewables market remained broadly stable. Demand from electrical distribution utilities remained strong, with ongoing investments to increase grid reliability and resilience.

We serve our customers through our operating divisions which are included in our business areas. Developments in these business areas are discussed in more detail below. Revenue figures presented in this “Businesses” section are before intersegment eliminations.

ELECTRIFICATION BUSINESS AREA

Overview

Electrification provides leading electrical distribution and management technologies, solutions and services to electrify the world in a safe, smart and sustainable way. The portfolio includes medium- and low-voltage electrical components, switchgear, digital devices, enclosures, and circuit breakers, among others. With our products, solutions and services, we collaborate with customers to improve power delivery and security, and enhance energy management, efficiency and operational reliability, as we seek to achieve a low carbon society.

The Electrification business area delivers products to end customers through a global network of channel partners. Approximately half of the business area’s revenue is derived from distributors and approximately 20 percent is derived from direct sales to end-users. The remaining revenues are generated from original equipment manufacturers (OEMs), engineering, procurement and construction (EPC) contracting companies, system integrators, utilities and panel builders. The proportion of direct compared to channel partner sales varies by segment, product technology and geographic markets.

The Electrification business area had approximately 53,400 employees as of December 31, 2025, and generated $17.4 billion of revenues in 2025.

Customers

The Electrification business area serves a wide range of customer segments, including residential, commercial and industrial buildings, utilities, oil and gas, chemicals, data centers, renewables, food and beverage, transport and infrastructure, among others. From some of the world’s tallest buildings to the busiest airports, the business area’s products and solutions cover a wide range of applications and business segments.

Products and Services

The Electrification business area’s products and services are delivered through five operating divisions.

The Distribution Solutions division offers indoor and outdoor medium-voltage components, switchgear, and solutions that connect and protect the evolving energy grid. The division enables the reliable integration of diverse power sources, including renewable energy, into the grid, ensuring continuous power delivery to industries, commercial facilities, and residential users. Its future-proof technologies protect utilities and industries from potential grid anomalies and its digital solutions enhance grid reliability by enabling fault analysis, prediction, and preventive maintenance by applying analytics and artificial intelligence. The division supports customers and partners to stay ahead of increasing electrification needs and regulatory changes, providing technologies and solutions to adapt in a rapidly evolving energy landscape.

The Smart Power division provides energy distribution solutions for data centers, industrial and manufacturing plants, critical infrastructure and commercial buildings. The division’s technical teams work closely with industry partners, delivering advanced solutions that support rapid growth, energy transition, and sustainability objectives. The division’s portfolio includes industrial circuit breakers, low-voltage systems, motor starting applications, and safety devices like switches and relays. Its Power Protection unit supports the world’s largest data center companies with advanced energy-efficient UPS solutions. The division’s ABB Ability™ Energy Manager provides a scalable, easy-to-use platform that helps organizations save energy and reduce CO_2 emissions.

The Smart Buildings division enables energy efficiency, safety, and comfort for any building type, through new installations or retrofit solutions. The division offers integrated building automation systems to control HVAC, lighting, shutters, door entry and emergency lighting. It ensures safe and reliable energy distribution solutions including DIN rail protection devices, enclosures and energy management systems through to industrial plugs and sockets and conventional wiring accessories, accommodating single family homes, multiple dwellings, commercial buildings, infrastructure and industrial applications. The division's highly innovative technologies and digital solutions serve the rising global demand among real estate developers, owners, and investors for smart building technologies that optimize energy distribution and building automation. The scalable solutions aim to deliver significant sustainable and financial benefits, meeting social and environmental demands, while being able to address even the most complex of customers' carbon reduction strategies.

The Installation Products division helps manage the connection, protection and distribution of electrical power from source to socket. The division's products are engineered to provide ease of installation and perform in demanding and harsh conditions, helping to ensure safety and continuous operation for utilities, businesses and people around the world. The Commercial Essentials product segment includes electrical junction boxes, commercial fittings, strut and cable tray metal framing systems for commercial and residential construction. The Premier Industrial product segment includes multiple product lines, such as Ty-Rap® cable ties, T&B Liquidtight Systems® protection products, PVC coated and nylon conduit systems, power connection and grounding systems, and cable protection systems of conduits and fittings for harsh and industrial applications. The division also manufactures solutions for medium-voltage applications used in the utility market under its marquee brands including Elastimold™ reclosers and switchgear with no SF6 gas, capacitor switches, current limiting fuses, Homac™ distribution connectors, Hi-Tech Valiant™ full-range current limiting fuse for fire mitigation, faulted current indicators and distribution connectors, cable accessories and apparatus with products for overhead and underground distribution. Manufacturing includes made-to-stock and custom-made solutions.

The Service division partners with our customers to improve the availability, reliability, predictability and sustainability of electrical products and installations. The division's extensive service portfolio offers product care, modernization, and advisory services to improve performance, extend equipment lifetime and deliver new levels of operational and sustainable efficiency. We help customers keep resources in use for as long as possible, extracting the maximum value from them, and then recovering and regenerating products and materials at the end of their useful life.

Sales and Marketing

Sales and marketing is generally conducted within the divisions in the Electrification business area. This enables the divisions to manage their respective end-to-end activities and create demand across all channels, products and solutions, as well as increase focus and speed for our customers to drive faster growth. Where necessary, the divisions work together on joint services, such as the management of accounts, channels, and segment-sales, engaging in a range of promotional activities, both internal and external.

Competition

The Electrification business area's principal competitors vary by product group and include Atkore, Chint, Eaton, Hager, Hubbell, Legrand, LS Electric, Mitsubishi Electric, nVent, Panasonic, Schneider Electric, Siemens and Vertiv.

Capital Expenditures

The Electrification business area's capital expenditures for property, plant and equipment totaled $636 million in 2025, compared to $472 million in 2024. Investments in 2025 principally related to capacity expansion to capture growth opportunities in key regions, as well as equipment replacement and upgrades. Geographically, in 2025, Europe represented 50 percent of the capital expenditures, followed by the Americas (41 percent) and Asia, Middle East and Africa (9 percent).

MOTION BUSINESS AREA

Overview

The Motion business area provides pioneering technology, products, solutions and related services to industrial customers to improve safety and reliability, achieve better performance and provide energy efficient, decarbonizing and industrial circular solutions. The portfolio includes motors, generators and drives for a wide range of applications in all industrial sectors.

The Motion business area designs, manufactures and sells drives, motors, generators, and traction solutions. Building on long-standing experience in electric powertrains, the business area combines domain expertise and technology to deliver the optimum solution for a wide range of applications for a comprehensive range of industrial segments. In addition, the business area, along with its channel partners, has an industry leading global service presence.

The Motion business area had approximately 22,900 employees as of December 31, 2025, and generated $8.2 billion of revenues in 2025.

Customers

The Motion business area serves a wide range of customers in different industrial segments such as pulp and paper, oil and gas, metals and mining, food and beverage, HVAC (heating, ventilation and air conditioning), water and wastewater, transportation, power generation, data centers, marine and offshore.

Products and Services

The Motion business area's products and services are delivered through six operating divisions.

The Motion High Power division (comprised of the former System Drives and Large Motors and Generators divisions) is a global leader in high-power, high-performance motors, drives, generators, power conversion and packaged solutions for various industries and applications. With decades of domain expertise, the division delivers a strong portfolio designed to power customers' most demanding, mission-critical applications with unmatched reliability and efficiency.

The Drive Products division is a global technology leader serving industries, infrastructure segments and machine builders with world-class drives and programmable logic controllers (PLC). With its products, global scale and local presence, the division helps customers, partners and equipment manufacturers to improve energy efficiency, asset reliability, productivity and safety.

The Motion Services division serves customers worldwide by maximizing uptime, extending life cycle, and improving the performance and energy efficiency of their motors, drives and generators. The division leads the way in digitalization and delivers service solutions through dedicated service experts, service workshops, and its partner network, ensuring customer operations run profitably, safely and reliably.

The Traction division is a globally trusted independent supplier and recognized leader in onboard propulsion technologies that drive innovation in rail, bus, and industrial vehicle electrification. The division partners with OEMs, operators, system integrators, and vehicle owners, offering a comprehensive range of high-performance and full lifecycle managed propulsion, auxiliary and energy storage solutions. Each solution is engineered to meet specific customer requirements and the operational conditions of the respective vehicle. This enables maximum energy efficiency, low carbon emissions and high reliability.

The IEC LV Motors division is a global technology leader delivering a full range of energy-efficient low voltage motors, including hyper-efficient solutions such as IE6 SynRM (synchronous reluctance motors). Through a global footprint, domain expertise and rugged designs, the division provides reliable technology that improves efficiency and productivity even in the most demanding applications.

The NEMA Motors division is a marketer, designer and manufacturer that offers Baldor-Reliance® industrial electric motors, primarily in North America. The division focuses on quality, reliability and efficiency to provide a comprehensive offering of NEMA motors in the market across most industrial segments and applications.

Sales and Marketing

Sales are made both through direct sales forces and through channel partners, such as distributors and wholesalers, as well as installers, OEMs and system integrators. The proportion of direct sales to end users compared to channel partner sales varies among the different industries, products and geographic markets.

Competition

The principal competitors of the Motion business area include Danfoss, Innomotics, Schneider Electric, Siemens, Toshiba, WEG Industries and Wolong.

Capital Expenditures

Capital expenditures in the Motion business area for property, plant and equipment totaled $203 million in 2025, compared to $191 million in 2024. Principal expenditures in 2025 related to real estate investments, capacity expansion, equipment replacement and upgrades across various countries including Finland, the United States, Switzerland, China, India, Sweden and Mexico. Geographically, in 2025, Europe represented 48 percent of the capital expenditures, followed by the Americas (38 percent) and Asia, Middle East and Africa (14 percent).

AUTOMATION BUSINESS AREA

Overview

The Automation business area provides a comprehensive range of industry-specific, integrated automation, electrification and digital solutions, as well as lifecycle services for the process, hybrid and marine industries. These offerings, coupled with deep domain knowledge in each end market, help to optimize productivity, energy efficiency, sustainability and safety of industrial processes and operations.

The business area's offering can be grouped into two categories, with approximately 60 percent of the offering related to solutions for new and brownfield projects and 40 percent related to service, mainly for the existing installed base. Automation also integrates offerings from the Electrification and Motion business areas into its projects. The business area's offerings are sold primarily through its direct sales force with a smaller share through partners and distributors.

The business area had approximately 26,300 employees as of December 31, 2025, and generated revenues of $8.1 billion in 2025.

Customers

The Automation business area's end customers include companies across process, hybrid and maritime industries. These industries include oil, gas, renewables, chemicals, mining, metals, cement, pulp and paper, pharmaceuticals, battery manufacturing, food and beverage, space, power generation, water, marine and ports.

Products and Services

The Automation business area offering includes an extensive portfolio of products, solutions, digital applications and services for the control of the simplest to the most complex and critical industrial processes and infrastructure. These systems can link various process and information flows, allowing customers to manage and control their entire production process based on real-time information. The business area's automation offering includes the distributed control system (DCS) ABB Ability™ System 800xA®, which is also an electrical control system, a safety system and a collaboration enabler with the capacity to improve engineering efficiency, operator performance and asset utilization. Other control solutions include Symphony® Plus (designed to address automation needs of the power and water industry segments) and the Freelance DCS solution. Components for basic automation solutions, process controllers, I/O modules, panels, and Human Machine Interfaces (HMI) are available through the Compact Product Suite offering. The product portfolio is complemented by a suite of ABB Ability™ advanced digital services and by ABB Care, a subscription-based lifecycle management program that provides services to maintain and continually advance and enhance ABB's distributed control systems and optimize customers' lifecycle costs. The ABB Ability™ Genix industrial IoT and AI suite contextualizes and integrates data from IT, engineering, and operations systems to provide deep, meaningful and actionable insights. The portfolio is complemented by a range of industry-specific technologies and applications in each division.

As of December 31, 2025, the Automation business area's products and services are delivered through five operating divisions.

The Energy Industries division serves a wide range of industrial sectors, including hydrocarbons, renewables, chemicals, pharmaceuticals, power generation and water. With its integrated solutions that automate, electrify and digitalize operations, the division is committed to supporting traditional industries in their efforts to decarbonize. The division also supports the development, integration and scaling up of new and renewable energy models. The division's goal is to help customers adapt and succeed in the rapidly changing global energy transition. Harnessing data, machine learning and AI, the division brings over 50 years of domain expertise delivering solutions designed to improve energy, process and production efficiency, as well as reduce risk, operational cost and capital cost, while minimizing waste for customers, from project start-up and throughout the entire plant lifecycle.

The Process Industries division serves the mining, minerals processing, metals, cement, pulp and paper, battery manufacturing, and food and beverage, as well as their associated service industries. The division brings deep industry domain expertise coupled with the ability to integrate both automation and electrical systems, increase productivity and reduce overall capital and operating costs for customers. For mining, metals and cement customers, solutions include specialized products and services, as well as total production systems. The division designs, plans, engineers, supplies, installs and commissions integrated electrical and motion systems, including electric equipment, drives, motors, high power rectifiers and equipment for automation and supervisory control within a variety of areas including mineral handling, mining operations, aluminum smelting, hot and cold steel applications and cement production. The offering for the pulp and paper industries includes control systems, quality control systems, drive systems, on-line sensors, actuators and field instruments. Digitalization solutions, including collaborative operations and augmented reality, help improve plant and enterprise productivity, and reduce maintenance and energy costs.

The Marine & Ports division serves the shipping and ports industries through its extensive portfolio of integrated systems and solutions that improve the flexibility, reliability and energy efficiency of vessels and container terminals. By coupling power, propulsion, automation, marine software and services that ensure maximum vessel uptime, the division is well positioned to help the marine industry to achieve its decarbonization targets while improving the profitability and sustainability of our customers' business throughout the entire lifecycle of vessels. With ABB Ability™ marine software solutions and ABB Ability™ Collaborative Operations Centers around the world, shipowners and operators can run their fleets at lower fuel and maintenance costs, while improving crew, passenger and cargo safety, as well as overall productivity of their operations. Further, the division delivers automation, electrical systems and digital solutions for container and bulk cargo handling, from ship to gate. These solutions help terminal operators meet the challenge of larger ships, taller cranes and bigger volumes per call, and make terminal operations safer, greener and more productive.

The Measurement & Analytics division is among the world's leading manufacturers and suppliers of smart instrumentation and analyzers, working at the heart of industrial digital transformation. The Measurement & Analytics division's portfolio consists of analyzers measuring compositions of gases and liquids; instrumentation measuring process variables such as temperature, pressure, flow, and level; force measurement solutions measuring parameters such as flatness, thickness, and tension; and advanced digital solutions for device management, device health check and predictive maintenance. The Measurement & Analytics division serves key industries such as oil and gas, chemical, water and wastewater, power, hydrogen, batteries, as well as the marine industry. The division enables the optimization of industrial processes by providing and analyzing data collected from sensing and smart measurement devices. Parameters such as emission levels and production inputs are measured by providing 'before' and 'after' values, enabling efficient operations and environmental sustainability through measurement.

The Machine Automation division offers integrated automation solutions based on programmable logical controllers, industrial PCs, servo motion, industrial transport systems and machine vision. It also provides software for engineering and optimization. The range of solutions are mainly used by machine builders for various types of series machines, e.g. for plastics, metals, printing and packaging.

Sales and Marketing

The Automation business area's sales are primarily made through its direct sales force as well as third-party channel partners, such as distributors, system integrators and OEMs. The majority of revenues are derived through the business area's own direct sales channels.

Competition

The Automation business area's principal competitors vary by industry or product group. Competitors include: Emerson, Endress + Hauser, Honeywell, Kongsberg, Schneider Electric, Siemens, Siemens Energy, Valmet and Yokogawa.

Capital Expenditures

The Automation business area's capital expenditures for property, plant and equipment totaled $80 million in 2025, compared to $81 million in 2024. Principal investments in 2025 primarily related to equipment replacement and upgrades, mainly in the Measurement & Analytics division and Energy Industries division. Geographically, in 2025, Europe represented 70 percent of the capital expenditures, followed by the Americas (17 percent) and Asia, Middle East and Africa (13 percent).

CORPORATE AND OTHER

Corporate includes core headquarter functions, real estate activities, Corporate Treasury, functional shared services for human resources, finance and information services and other minor business activities while Other includes the E-mobility division, which is a separate operating segment, other non-core operating activities, as well as the remaining activities of certain EPC projects which we are completing and are in a wind-down phase. Retained obligations from certain divested businesses are also included in Other including the high-voltage cables business, steel structures and certain EPC contracts relating to the oil and gas industry. Certain strategic investments managed by ABB Technology Ventures are also included in Corporate and Other.

Corporate headquarters and stewardship activities include the operations of our corporate headquarters in Zurich, Switzerland, as well as limited corporate-related activities in certain countries. These activities cover staff functions with group-wide responsibilities, such as accounting and financial reporting, corporate finance and corporate treasury, taxes, internal audit, legal and integrity, compliance, risk management and insurance, corporate communications, human resources, information systems and investor relations.

We operate shared service centers globally through a network of hubs which consist of services in the areas of human resources, finance, insurance and information services. The costs of these shared services are incurred primarily for the benefit of the business areas, which are charged for their use of such services and the related number of employees are allocated to the business areas. Similarly, a significant portion of the shared corporate overhead costs are charged to the operating businesses. In some cases, we also provide services to third parties under transitional service agreements in relation to certain divested businesses.

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.

Corporate and Other had approximately 9,300 employees at December 31, 2025, mainly pertaining to the Robotics business (classified as discontinued operations in the Consolidated Financial Statements), as well as to the E-mobility division and our other non-core businesses.

DISCONTINUED OPERATIONS

In October 2025, we entered into an agreement to divest our Robotics business to SoftBank Group Corp. The divestment is expected to be completed in the second half of 2026, subject to regulatory approvals and customary closing conditions. As this divestment represents a strategic shift that will have a major effect on our operations and financial results, the results of operations for this business have been presented as discontinued operations for all years presented. See "Note 3 - Discontinued operations" to our Consolidated Financial Statements.

ROBOTICS BUSINESS

The Robotics business offers a wide range of products, solutions and services including robots, autonomous mobile robots, robotics application cells and smart systems, field services, spare parts, digital services, engineering and operations software. This offering provides customers with increased productivity, quality, flexibility and simplicity for operations, e.g. to meet the challenge of making smaller lots of a larger number of specific products in shorter cycles for today's dynamic global markets and coping with increasing uncertainty. Robots are also used in activities or environments which may be hazardous to employee health and safety, such as repetitive or strenuous lifting, dusty, hot or cold rooms, or painting booths and can help customers address labor shortages. Robotics solutions are used in a wide range of segments from automotive OEMs, automotive suppliers, electronics, general industry, consumer goods, food and beverage, and warehouse/logistics center automation. They are increasingly deployed in service applications for life sciences care, restaurants and retail. Typical robotic applications include welding, material handling, machine tending, machining, painting, picking, packing, palletizing and assembly.

The Robotics business serves a wide range of customers. The main customers are active in industries such as automotive, machine building, metalworking, electronics, food and beverage, and logistics. They include end users such as manufacturers, system integrators and machine builders.

CAPITAL EXPENDITURES

Total capital expenditures for property, plant and equipment and intangible assets (excluding intangibles acquired through business combinations) amounted to $1,001 million and $799 million in 2025 and 2024, respectively. In 2025 and 2024, capital expenditures were 23 percent higher and 5 percent higher, respectively, than depreciation and amortization.

Capital expenditures in 2025 primarily focused in mature markets, reflecting the geographic distribution of our existing production facilities. Capital expenditures in Europe and the Americas in 2025 were driven primarily by upgrades of existing production facilities and capacity expansion, mainly in the United States, Italy, Germany and Finland. In Asia, Middle East and Africa, capital expenditures were primarily to increase production capacity by investing in new or expanded facilities, mainly in China and India. The share of emerging markets capital expenditures as a percentage of total capital expenditures in 2025 and 2024 was 22 percent and 24 percent, respectively.

At December 31, 2025, construction in progress for property, plant and equipment was $780 million, mainly in the United States, Germany, Switzerland, Canada and Finland, while at December 31, 2024, construction in progress for property, plant and equipment was $658 million, mainly in the United States, Germany, Switzerland, and Finland.

Our capital expenditures relate primarily to property, plant and equipment and are funded mainly through cash flows from operating activities. For 2026, we estimate the expenditures for property, plant and equipment will be higher than our annual depreciation and amortization charge, excluding acquisition-related amortization.

DESCRIPTION OF PROPERTY

As of December 31, 2025, we occupy real estate in around 100 countries throughout the world. The facilities consist mainly of manufacturing plants, office buildings, research centers and warehouses. A substantial portion of our production and development facilities is situated in the United States, China, Germany, Finland, Italy, Mexico, Canada, Sweden, India, and the Czech Republic. We also own or lease other properties, including office buildings, warehouses, research and development facilities and sales offices in many countries. We own substantially all of the machinery and equipment used in our manufacturing operations.

From time to time, we have a surplus of space arising from acquisitions, production efficiencies and/or restructuring of operations. Normally, we seek to sell such surplus space which may involve leasing property to third parties for an interim period.

The net book value of our property, plant and equipment at December 31, 2025, was $4,692 million, of which machinery and equipment represented $1,589 million, land and buildings represented $2,323 million and construction in progress represented $780 million. We believe that our current facilities are in good condition and are adequate to meet the requirements of our present and foreseeable future operations.

MANAGEMENT OVERVIEW

In 2025, we continued to make strong progress, reaching new all-time highs on several KPIs including Orders, Revenues, Operational EBITA, Earnings per share (EPS), Return on Capital Employed (ROCE) and Free cash flow. This performance reflects both our exposure to a robust market environment — driven by the growing importance of electricity, energy efficiency and security, the decarbonization of industry, and advanced automation for smarter and more efficient operations — as well as the strength of our new ways of working in the ABB Way decentralized operating model. Our company now operates sustainably with greater agility and efficiency. From this strong level we see opportunities to deepen the impact of the ABB Way as we remain focused on continuous improvements. To continue to drive operational excellence, we increased operational accountability even deeper within the organization, empowering business line leaders with strategic mandates. To further improve operational performance across the group, we now have a more disciplined KPI framework which more clearly defines expected performance for each strategic mandate with a closer link to remuneration.

Active portfolio management remains a key part of our performance culture. In 2025, we decided to accept an offer from SoftBank Group to acquire our Robotics division rather than pursue 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. The remaining businesses in ABB benefit from strong shared sales and technology opportunities.

We continue to pursue our strategy of bolt-on acquisitions and strategic partnerships led by our divisions and we remain open to larger deals. In 2025, we completed 6 acquisitions and made 5 new venture capital investments as well as 12 follow-on investments. Strategic fit and value creation remain at the core of inorganic growth ambitions as all transactions need to be in line with the company's purpose and its operating model, support its growth and profitability ambitions, while allowing the company to maintain a strong investment grade rating. During the year we completed the acquisitions of the Siemens wiring accessories business in China and the power electronics business of Gamesa Electric in Spain. 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 such as Sensorfact, which helps small to medium sized enterprises use AI to lower cost and energy efficiency, and Brightloop, a specialist in advanced power converters for off-road industrial vehicles and marine vessels.

As announced in 2025, Christian Nilsson succeeded Timo Ihamuotila as our Chief Financial Officer and member of the Executive Committee as of February 1, 2026.

Business progress

During 2025, underlying demand for ABB's offering remained robust, improving sharply from the high level in 2024. Throughout the year we saw strong customer activity in investments to strengthen electrical infrastructure and expand power generation. Demand was strong in data centers, utilities, and the marine and ports sector, as well as land-based infrastructure such as tunnels and airports. Investments in the buildings segments improved year-on-year, driven mainly by investments in commercial buildings while residential buildings were broadly stable outside of China. The machine builder segment increased sharply from a low comparable, however the absolute level remains subdued in a continued challenging market. On the muted side, there were the process industry-related areas such as pulp and paper, chemicals and mining. In total, orders increased 17 percent (15 percent in local currencies) and continued to exceed revenues in all three business areas.

Revenues in 2025 improved 9 percent (7 percent in local currencies) to $33,220 million, driven by volume growth in the short-cycle and service businesses, as well as strong conversion of the order backlog in the long-cycle business, with some additional support from positive pricing. Revenues improved in all business areas, led by the Electrification business area, driven by both good momentum in the short-cycle business and strong execution from the high order backlog related to the medium voltage and power protection offering. Strong conversion of our order backlog into revenue supported growth in the Automation business area, while revenues in the Motion business area increased, driven by higher volumes in short-cycle and long-cycle businesses, as well as additional support from pricing.

Group profitability continued to strengthen during 2025 with improvements recorded in all three business areas. The expansion was driven by operating leverage on higher volumes, positive pricing and improved operational efficiency. Moreover, a net gain of approximately $140 million relating to a real estate sale in Corporate and Other had a positive impact. Combined, these impacts more than offset higher expenses related to selling, general and administrative and research and development expenses.

The profitability improvement and our ability to reduce net working capital allowed us to achieve strong operating cashflows and deliver in line with our ambition of improving our free cash flow generation from the prior year's high level. Cash flows from operating activities improved to $5.5 billion in 2025, an increase of $0.8 billion compared to 2024.

Updated financial targets

During 2025, we achieved new all-time highs for operational performance. Against this backdrop, we updated our financial targets based on our new structure with three business areas and excluding the to-be-divested Robotics division.

We confirm our target of 5 to 7 percent for comparable revenue growth, which is a constant currency measure and excludes impacts from acquisitions and divestments, and the ambition to add 1 to 2 percent of revenues in acquired growth. Both targets are the average comparable growth through the economic cycle. Bolt-on acquisitions will be further embedded as part of the ABB Way performance culture with small to mid-size deals on a continuous basis, while larger deals would come on top of the normal deal flow. Strategic fit and value creation remain at the core of our inorganic growth ambitions as all transactions need to be in line with the company purpose and its operating model, while allowing us to maintain a strong investment grade rating.

We increased the target range for our annual Operational EBITA margin to 18 to 22 percent (from 16 to 19 percent), as all business areas are now operating on sustainably higher levels of profitability than in the past. We also introduced specific Operational EBITA margin target ranges for our business areas of Electrification (22 to 26 percent), Motion (18 to 22 percent) and Automation (14 to 18 percent). Our objective for basic EPS growth through the economic cycle of at least high single-digit remains unchanged.

In addition, our annual ROCE target was upgraded to above 20 percent (above 18 percent previously) and to support the expected strong growth, we now allow for greater than 95 percent free cash flow conversion to net income (100 percent previously).

Sustainability will continue to be at the heart of ABB and our technologies to support the decarbonization of industries, with good progress towards our targets. The targets in ABB's sustainability agenda remain unchanged and embedded at the division level. Together with financial targets they are integrated into the long-term planning and commitment process.

Capital allocation

Our capital allocation priorities are unchanged; our goal is profitable growth. Our top priority is to fund organic growth through strategic investments in research and development and production capacity. In 2025, we allocated $1.3 billion to non-order related research and development, representing 4.0 percent of revenues, and increased our capital expenditure 25 percent to $1.0 billion. Beyond that, our policy is to maintain a rising, sustainable dividend per share over time. With the remaining free cash flow, we plan to increase our business acquisition activity to achieve our target of adding 1 to 2 percent growth through acquisitions. Lastly, share buybacks will continue to be part of our strategy; however, the extent of these programs will ultimately depend on the level committed to acquisitions.

We expect our strong cash generation to continue on the back of the ABB Way operating model, which will allow us to invest in both organic growth and bolt-on acquisitions, while providing attractive returns to shareholders.

At the 2026 Annual General Meeting, the Board of Directors is proposing a dividend of 0.94 Swiss francs per share. Under the various share buyback programs we repurchased $1.3 billion of shares in 2025 for capital reduction purposes.

Sustainability Agenda

With our Sustainability Agenda, we are actively contributing 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. All three pillars of our Sustainability Agenda are underpinned by our commitment to create a culture of integrity and transparency across our value chain.

In 2025, we reached a reduction of own scope 1 and 2 GHG emissions of 79 percent, close to our mid-term target of 80 percent, showing good progress towards our Science Based Targets initiative (SBTi) approved net-zero targets. Furthermore, we published a more comprehensive Climate Transition Plan, our blueprint for reaching net-zero. The transition plan includes our assessment of physical and transition risks with the most material financial impact on ABB and maps these to our mitigation measures. We are making good progress towards our sustainability targets and have embedded sustainability even further into our operations with executional responsibility sitting in our divisions. Our scope 1, 2 and 3 emissions performance is now integrated into long-term performance planning, and a portion of division management's compensation is tied directly to scope 1 and 2 climate performance in 2025.

For a detailed discussion of our Sustainability Strategy 2030 and our progress in 2025, see our "Sustainability Statement" available as part of our annual reporting suite on our website at https://global.abb/group/en/investors/annual-reporting-suite.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

GENERAL

We prepare our Consolidated Financial Statements in accordance with U.S. GAAP and present these in U.S. dollars unless otherwise stated.

The preparation of our financial statements requires us to make assumptions and estimates that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. We evaluate our estimates on an ongoing basis (see “Note 2 - Significant accounting policies” to our Consolidated Financial Statements for a listing of our most significant accounting estimates). Where appropriate, we base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from our estimates and assumptions.

We deem an accounting policy to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made and if different estimates that reasonably could have been used, or if changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact our Consolidated Financial Statements. We also deem an accounting policy to be critical when the application of such policy is essential to our ongoing operations. We believe the following critical accounting policies require us to make subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain and material to our Consolidated Financial Statements. These policies should be considered when reading our Consolidated Financial Statements.

REVENUE RECOGNITION

A customer contract exists if collectability under the contract is considered probable, the contract has commercial substance, contains payment terms, the rights and commitments of both parties, and is legally enforceable. By analyzing the type, terms and conditions of each contract or arrangement with a customer, we determine which revenue recognition method applies.

We recognize revenues when control of goods or services is transferred to customers in an amount that reflects the consideration we expect to be entitled to in exchange for these goods or services. Control is transferred when the customer has the ability to direct the use and obtain the benefits from the goods or services.

The percentage-of-completion method of accounting is generally used when recognizing revenue on an over time basis and involves the use of assumptions and projections, principally relating to future material, labor, subcontractor and project-related overhead costs as well as estimates of the amount of variable consideration to which we expect to be entitled. As a consequence, there is a risk that total contract costs or the amount of variable consideration will, respectively, either exceed or be lower than those we originally estimated (based on all information reasonably available to us) and the margin could decrease or the contract may become unprofitable. This risk increases if the duration of a contract increases because there is a higher probability that the circumstances upon which we originally developed our estimates will change, resulting in increased costs that we may not recover. Factors that could cause costs to increase include:

- unanticipated technical problems with equipment supplied or developed by us which may require us to incur additional costs to remedy,
- changes in the cost of components, materials or labor,
- difficulties in obtaining required governmental permits or approvals,

- project modifications creating unanticipated costs,
- suppliers' or subcontractors' failure to perform, and
- delays caused by unexpected conditions or events.

Changes in our initial assumptions, which we review on a regular basis between balance sheet dates, may result in revisions to estimated costs, current earnings and anticipated earnings. We recognize these changes in the period in which the changes in estimates are determined. By recognizing changes in estimates cumulatively, recorded revenue and costs to date reflect the current estimates of the stage of completion of each project. Additionally, losses on such contracts are recognized in the period when they are identified and are based upon the anticipated excess of contract costs over the related contract revenues.

PENSION AND OTHER POSTRETIREMENT BENEFITS

As more fully described in "Note 18 - Employee benefits" to our Consolidated Financial Statements, we have a number of defined benefit pension and other postretirement plans and recognize an asset for a plan's overfunded status or a liability for a plan's underfunded status in our Consolidated Balance Sheets. We measure such a plan's assets and obligations that determine its funded status as of the end of the year.

Significant differences between assumptions and actual experience, or significant changes in assumptions, may materially affect the pension obligations. The effects of actual results differing from assumptions and the changing of assumptions are included in net actuarial loss within Accumulated other comprehensive loss.

We recognize actuarial gains and losses gradually over time. Any cumulative unrecognized actuarial gain or loss that exceeds 10 percent of the greater of the present value of the projected benefit obligation (PBO) and the fair value of plan assets is recognized in earnings over the expected average remaining working lives of the employees participating in the plan, or the expected average remaining lifetime of the inactive plan participants if the plan is comprised of all or almost all inactive participants. Otherwise, the actuarial gain or loss is not recognized in the Consolidated Income Statements.

We use actuarial valuations to determine our pension costs and credits. The amounts calculated depend on a variety of key assumptions, including discount rates, mortality rates and expected return on plan assets. Under U.S. GAAP, we are required to consider current market conditions in making these assumptions. In particular, the discount rates are reviewed annually based on changes in long-term, highly-rated corporate bond yields. Decreases in the discount rates result in an increase in the PBO and a decrease in pension costs. Conversely, an increase in the discount rates results in a decrease in the PBO and an increase in pension costs. The mortality assumptions are reviewed annually by management. Decreases in mortality rates result in an increase in the PBO and in pension costs. Conversely, an increase in mortality rates results in a decrease in the PBO and in pension costs.

Holding all other assumptions constant, a 0.25 percentage-point decrease in the discount rate would have increased the PBO related to our defined benefit pension plans by $152 million while a 0.25 percentage-point increase in the discount rate would have decreased the PBO related to our defined benefit pension plans by $148 million.

The expected return on plan assets is reviewed regularly and considered for adjustment annually based upon the target asset allocations and represents the long-term return expected to be achieved. Decreases in the expected return on plan assets result in an increase to pension costs. Holding all other assumptions constant, an increase or decrease of 0.25 percentage points in the expected long-term rate of asset return would have decreased or increased, respectively, the net periodic benefit cost in 2025 by $16 million.

The funded status, which can increase or decrease based on the performance of the financial markets or changes in our assumptions, does not represent a mandatory short-term cash obligation. Instead, the funded status of a defined benefit pension plan is the difference between the PBO and the fair value of the plan assets. Our defined benefit pension plans were overfunded by $519 million and $245 million at December 31, 2025 and 2024, respectively.

INCOME TAXES

In preparing our Consolidated Financial Statements, we are required to estimate income taxes in each of the jurisdictions in which we operate. Tax expense from continuing operations is reconciled from the weighted-average global tax rate (rather than from the Swiss domestic statutory tax rate). As the parent company of the ABB Group, ABB Ltd, is domiciled in Switzerland, income which has been generated in jurisdictions outside of Switzerland (hereafter "foreign jurisdictions") and has already been subject to corporate income tax in those foreign jurisdictions is, to a large extent, tax exempt in Switzerland. Therefore, generally no or only limited Swiss income tax has to be provided for on the repatriated earnings of foreign subsidiaries. There is no requirement in Switzerland for a parent company of a group to file a tax return of the group determining domestic and foreign pre-tax income and as our consolidated income from continuing operations is predominantly earned outside of Switzerland, corporate income tax in foreign jurisdictions largely determines our global weighted-average tax rate.

We account for deferred taxes by using the asset and liability method. Under this method, we determine deferred tax assets and liabilities based on temporary differences between the financial reporting and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. We recognize a deferred tax asset when it is more likely than not that the asset will be realized. We regularly review our deferred tax assets for recoverability and establish a valuation allowance based upon historical losses, projected future taxable income and the expected timing of the reversals of existing temporary differences. To the extent we increase or decrease this allowance in a period, we recognize the change in the allowance within Income tax expense in the Consolidated Income Statements unless the change relates to discontinued operations, in which case the change is recorded in Income from discontinued operations, net of tax. Unforeseen changes in tax rates and tax laws, as well as differences in the projected taxable income as compared to the actual taxable income, may affect these estimates.

Certain countries levy withholding taxes, dividend distribution taxes or additional corporate income taxes (hereafter "withholding taxes") on dividend distributions. Such taxes cannot always be fully reclaimed by the shareholder, although they have to be declared and withheld by the subsidiary. Switzerland has concluded double taxation treaties with many countries in which we operate. These treaties either eliminate or reduce such withholding taxes on dividend distributions. It is our policy to distribute retained earnings of subsidiaries, insofar as such earnings are not permanently reinvested or no other reasons exist that would prevent the subsidiary from distributing them. No deferred tax liability is set up if retained earnings are considered as indefinitely reinvested and used for financing current operations as well as business growth through working capital and capital expenditure in those countries.

We operate in numerous tax jurisdictions and, as a result, are regularly subject to audit by tax authorities, including for transfer pricing. We provide for tax contingencies whenever it is deemed more likely than not that a tax asset has been impaired or a tax liability has been incurred for events such as tax claims or changes in tax laws. Contingency provisions are recorded based on the technical merits of our filing position, considering the applicable tax laws and OECD guidelines and are based on our evaluations of the facts and circumstances as of the end of each reporting period. Changes in the facts and circumstances could result in a material change to the tax accruals. Although we believe that our tax estimates are reasonable and that appropriate tax reserves have been made, the final determination of tax audits and any related litigation could be different than that which is reflected in our income tax provisions and accruals.

An estimated loss from a tax contingency must be accrued as a charge to income if it is more likely than not that a tax asset has been impaired or a tax liability has been incurred and the amount of the loss can be reasonably estimated. We apply a two-step approach to recognize and measure uncertainty in income taxes. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50 percent likely of being realized upon ultimate settlement. The required amount of provisions for contingencies of any type may change in the future due to new developments.

GOODWILL AND INTANGIBLE ASSETS

We review goodwill for impairment annually as of October 1, or more frequently if events or circumstances indicate that the carrying value may not be recoverable. We use either a qualitative or quantitative assessment method for each reporting unit.

As each of our divisions have full ownership and accountability for their respective strategies, performance and resources, we have determined our reporting units to be at the division level, which is generally one level below our reportable segments of Electrification, Motion, and Automation.

When performing the qualitative assessment, we first determine, for a reporting unit, factors which would affect the fair value of the reporting unit including: (i) macroeconomic conditions related to the business, (ii) industry and market trends, and (iii) the overall future financial performance and future opportunities in the markets in which the business operates. We then consider how these factors would impact the most recent quantitative analysis of the reporting unit's fair value. Key assumptions in determining the fair value of the reporting unit include the projected level of business operations including future expected profit margins, the reporting unit's weighted-average cost of capital and the terminal growth rate.

In 2025, we sold a majority stake in a subsidiary within the Home Charging division (part of our E-mobility operating segment and included in Corporate and Other) and as such this division is no longer considered a separate goodwill reporting unit. Apart from the aforementioned, there were no significant changes in the remaining reporting units. Where a change in reporting unit arises during the course of the financial year, an interim impairment test is conducted before and after the change.

We periodically select certain divisions for quantitative assessment based on a number of factors including but not limited to duration between valuation assessments, frequency and magnitude of acquisitions and divestments, internal organization changes and other external market factors, as well as underlying division performance. In 2025, we elected to perform quantitative assessments for five divisions: four within Automation; Machine Automation, Energy Industries, Process Industries, and Marine & Ports; and one within our E-mobility operating segment. The fair values for each of the individual reporting units and their associated goodwill were determined using Level 3 measurements. For each of these divisions, the fair value was determined using a discounted cash flow fair value estimate based on objective information available at the measurement date. The significant assumptions used to develop the estimates of fair value for each division included management's best estimates of the expected future results, as well as discount and terminal growth rates specific to the reporting unit. The fair value estimates were based on assumptions that a market participant would expect to use, but which are inherently uncertain and thus actual results may differ from those estimates. In each of the above quantitative assessments, it was concluded that the fair value of four of the five divisions exceeded its carrying value by more than 100 percent, while the fair value of our Machine Automation division exceeded its carrying value by 16 percent. Further declines in the fair value of our Machine Automation division could arise in future years, which could lead to a material goodwill impairment charge. Factors that drive this uncertainty include but are not limited to macro-economic conditions, performance within end-customer industries, competitor actions and technology changes. For the remaining divisions, we performed qualitative assessments and determined that it was not more likely than not that the fair value for each of these reporting units was below the carrying value.

Intangible assets are reviewed for recoverability upon the occurrence of certain triggering events (such as a decision to divest a business or projected losses of an entity) or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We record impairment charges other than impairments of goodwill in Other income (expense) in our Consolidated Income Statements, unless they relate to a discontinued operation, in which case the charges are recorded in Income from discontinued operations, net of tax.

NEW ACCOUNTING PRONOUNCEMENTS

For a description of accounting changes and recent accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on our Consolidated Financial Statements, see “Note 2 - Significant accounting policies” to our Consolidated Financial Statements.

ACQUISITIONS AND DIVESTMENTS

ACQUISITIONS

During 2025 and 2024, ABB paid $723 million and $581 million to purchase six and seven businesses, respectively.

In 2025, the principal acquisitions were Sensorfact BV, the Siemens wiring accessories business in China and the power electronics business of Gamesa Electric in Spain.

Within our Electrification business area, the acquisition of Sensorfact BV expands our portfolio of energy management solutions that use big data and AI, and resulted in net cash outflows of $148 million, while the acquisition of the Siemens wiring accessories business in China, which resulted in net cash outflows of $386 million, broadens our market reach and complements Electrification’s regional customer offering within smart buildings. The acquisition of the power electronics business of Gamesa Electric in Spain resulted in net cash outflows of $81 million and expands the existing power conversion product and service offering within our Motion business area.

The largest of our acquisitions in 2024 was the Födisch Group, a worldwide provider of advanced measurement and analytical solutions for the energy and industrial sectors, which resulted in net cash outflows of $287 million and enhances our offering in continuous emission monitoring systems (CEMS) within our Automation business area.

For more information on the above transactions see “Note 4 - Acquisitions, divestments and equity-accounted companies” to our Consolidated Financial Statements.

DIVESTMENTS

In 2024, together with the Niedax Group, we formed a new joint venture company, Abnex Inc. (Abnex) and contributed our North American cable tray business to Abnex in return for a 50 percent ownership interest. The transaction resulted in a gain of $72 million from the effective sale of our North American cable tray business and a separate acquisition at fair value of 50 percent of Abnex amounting to $124 million and accounted for using the equity method. Prior to its transfer to Abnex, the North American cable tray business was part of the Electrification business area.

During 2024, we and the noncontrolling shareholders of In-Charge mutually agreed to terminate our respective put and call options by settling these contracts on a net basis. This agreement resulted in the reduction of our direct ownership in In-Charge to approximately 46 percent. This transaction was treated similar to that of a business divestment, resulting in a loss of $88 million in connection with the loss of control, and a separate acquisition at fair value of the 46 percent investment (amounting to $69 million) accounted for using the equity method.

There were no significant divestments in 2025.

For more information on the above transactions, see “Note 4 - Acquisitions, divestments and equity-accounted companies” to our Consolidated Financial Statements.

EXCHANGE RATES

We report our financial results in U.S. dollars. Due to our global operations, a significant amount of our revenues, expenses, assets and liabilities are denominated in other currencies. As a consequence, movements in exchange rates between currencies may affect: (i) our profitability, (ii) the comparability of our results between periods and (iii) the reported carrying value of our assets and liabilities.

We translate non-USD denominated results of operations, assets and liabilities to USD in our Consolidated Financial Statements. Balance sheet items are translated to USD using year-end currency exchange rates. Income statement and cash flow items are translated to USD using the relevant monthly average currency exchange rate.

Increases and decreases in the value of the USD against other currencies will affect the reported results of operations in our Consolidated Income Statements and the value of certain of our assets and liabilities in our Consolidated Balance Sheets, even if our results of operations or the value of those assets and liabilities have not changed in their original currency. As foreign exchange rates impact our reported results of operations and the reported value of our assets and liabilities, changes in foreign exchange rates could significantly affect the comparability of our reported results of operations between periods and result in significant changes to the reported value of our assets, liabilities and stockholders’ equity.

While we operate globally and report our financial results in USD, exchange rate movements between the USD and the EUR, the CHF and the CNY are of particular importance to us due to (i) the location of our significant operations and (ii) our corporate headquarters being in Switzerland.

The exchange rates between the USD and the EUR, the USD and the CHF, and the USD and the CNY at December 31, 2025 and 2024, were as follows:

Exchange rates into $	2025	2024
EUR 1.00	1.17	1.04
CHF 1.00	1.26	1.10
CNY 1.00	0.14	0.14

The average exchange rates between the USD and the EUR, the USD and the CHF, and the USD and the CNY for the years ended December 31, 2025 and 2024, were as follows:

Exchange rates into $	2025	2024
EUR 1.00	1.13	1.08
CHF 1.00	1.21	1.14
CNY 1.00	0.14	0.14

When we incur expenses that are not denominated in the same currency as the related revenues, foreign exchange rate fluctuations could affect our profitability. To mitigate the impact of exchange rate movements on our profitability, it is our policy to enter into forward foreign exchange contracts to manage the foreign exchange transaction risk of our operations.

In 2025, approximately 71 percent of our consolidated revenues were reported in currencies other than the USD. The following percentages of consolidated revenues were reported in the following currencies:

- Euro, approximately 22 percent, and
- Chinese renminbi, approximately 11 percent.

In 2025, approximately 70 percent of our cost of sales and selling, general and administrative expenses were reported in currencies other than the USD. The following percentages of consolidated cost of sales and selling, general and administrative expenses were reported in the following currencies:

- Euro, approximately 19 percent, and
- Chinese renminbi, approximately 9 percent.

We also incur expenses other than cost of sales and selling, general and administrative expenses in various currencies.

The results of operations and financial position of our subsidiaries outside of the U.S. are generally accounted for in the currencies of the countries in which those subsidiaries are located. We refer to these currencies as “local currencies”. Local currency financial information is then translated into USD at applicable exchange rates for inclusion in our Consolidated Financial Statements.

The discussion of our results of operations below provides certain information with respect to orders, revenues, income from operations and other measures as reported in USD (as well as in local currencies). We measure period-to-period variations in local currency results by using a constant foreign exchange rate for all periods under comparison. Differences in our results of operations in local currencies as compared to our results of operations in USD are caused exclusively by changes in currency exchange rates.

While we consider our results of operations as measured in local currencies to be a significant indicator of business performance, local currency information should not be relied upon to the exclusion of U.S. GAAP financial measures. Instead, local currencies reflect an additional measure of comparability and provide a means of viewing aspects of our operations that, when viewed together with the U.S. GAAP results, provide a more complete understanding of factors and trends affecting the business. As local currency information is not standardized, it may not be possible to compare our local currency information to other companies’ financial measures that have the same or a similar title. We encourage investors to review our financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

ORDERS

Our policy is to book and report an order when a binding contractual agreement has been concluded with a customer covering, at a minimum, the price and scope of products or services to be supplied, the delivery schedule and the payment terms. The reported value of an order corresponds to the undiscounted value of revenues that we expect to recognize following delivery of the goods or services subject to the order, less any trade discounts and excluding any value added or sales tax. The value of orders received during a given period of time represents the sum of the value of all orders received during the period, adjusted to reflect the aggregate value of any changes to the value of orders received during the period and orders existing at the beginning of the period. These adjustments, which may in the aggregate increase or decrease the orders reported during the period, may include changes in the estimated order price up to the date of contractual performance, changes in the scope of products or services ordered and cancellations of orders. The undiscounted value of future revenues we expect to generate from our orders at any point in time is represented by our order backlog.

The level of orders fluctuates from year to year. Portions of our business involve orders for long-term projects that can take months or years to complete and many larger orders result in revenues in periods after the order is booked. Consequently, the level of orders generally cannot be used to accurately predict future revenues or operating performance. Orders that have been placed can often be cancelled, delayed or modified by the customer. These actions can reduce or delay any future revenues from the order or may result in the elimination of the order.

PERFORMANCE MEASURES

We evaluate the performance of our operating segments based on orders received, revenues and Operational EBITA.

Operational EBITA represents income from operations excluding:

- amortization expense on intangibles arising upon acquisition (acquisition-related amortization),
- restructuring, related and implementation costs,
- changes in the amount recorded for obligations related to divested businesses occurring after the divestment date (changes in obligations related to divested businesses),
- gains and losses from sale of businesses (including fair value adjustment on assets and liabilities held for sale, if any),
- acquisition- and divestment-related expenses and integration costs,
- certain other non-operational items, as well as
- foreign exchange/commodity timing differences in income from operations consisting of: (i) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (iii) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities).

Certain other non-operational items generally includes: certain regulatory, compliance and legal costs, certain asset write downs/impairments and certain other fair value changes, as well as other items which are determined by management on a case-by-case basis.

See “Note 23 - Operating segment and geographic data” to our Consolidated Financial Statements for a reconciliation of the total Operational EBITA to income from continuing operations before taxes.

TRANSACTIONS WITH AFFILIATES AND ASSOCIATES

In the normal course of our business, we purchase products from, sell products to and engage in other transactions with entities in which we hold an equity interest. The amounts involved in these transactions are not significant to ABB Ltd. Also, in the normal course of our business, we engage in transactions with businesses that we have divested. We believe that the terms of the transactions we conduct with these companies are negotiated on an arm's length basis.

ANALYSIS OF RESULTS OF OPERATIONS

The discussion in the "Analysis of results of operations" section below, unless otherwise indicated, relate to the continuing operations of ABB.

Our consolidated results from operations were as follows:

INCOME STATEMENT DATA

($ in millions, except per share data in $)	2025	2024
Revenues	33,220	30,583
Cost of sales	(19,580)	(18,582)
Gross profit	**13,640**	**12,001**
Selling, general and administrative expenses	(6,593)	(5,980)
Non-order related research and development expenses	(1,318)	(1,268)
Other income (expense), net	318	(18)
Income from operations	**6,047**	**4,735**
Interest and dividend income	203	206
Interest and other finance expense	(86)	(74)
Non-operational pension (cost) credit	55	56
Income tax expense	(1,570)	(1,197)
Income from continuing operations, net of tax	**4,649**	**3,726**
Income from discontinued operations, net of tax	174	226
Net income	**4,823**	**3,952**
Net income attributable to noncontrolling interests and redeemable noncontrolling interests	(89)	(17)
Net income attributable to ABB	**4,734**	**3,935**
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	4,561	3,709
Income from discontinued operations, net of tax	173	226
Net income	4,734	3,935
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.50	2.01
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.49	2.00
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13

A more detailed discussion of the orders, revenues, income from operations and Operational EBITA for our business areas follows in the sections of "Business analysis" below for Electrification, Motion and Automation, as well as Corporate and Other. Orders and revenues of our businesses include intersegment transactions which are eliminated in the "Corporate and Other" line in the tables below.

ORDERS

($ in millions)	2025	2024	% Change
Electrification	18,757	16,422	14%
Motion	8,619	7,989	8%
Automation	9,928	7,485	33%
Total business areas	**37,304**	**31,896**	**17%**
Corporate and Other			
E-mobility, Non-core and divested businesses	522	503	4%
Intersegment eliminations	(1,061)	(917)	n.a.
Total	**36,765**	**31,482**	**17%**

In 2025, total orders increased 17 percent (15 percent in local currencies) compared to the previous year, improving across all business areas, led by the Automation and Electrification business areas. The Automation business area delivered strong order growth, supported by several large orders with a total impact of $1.2 billion, as well as robust underlying demand across segments, especially in marine and ports. Order growth in the Electrification business area was driven primarily by demand from data centers (receiving several large orders totaling $600 million), utilities, and support from the commercial buildings sector. Orders in the Motion business area increased as a result of positive demand from marine, power and HVACR (heating, ventilation, air conditioning and refrigeration) for commercial buildings. Orders in the short-cycle product-related businesses increased from a low comparable, also driven by increased demand for HVACR for commercial buildings, as well as food & beverage and water & wastewater. For additional information about individual business area order performance, refer to the relevant sections of “Business analysis” below.

We determine the geographic distribution of our orders based on the location of the ultimate destination of the products’ end-use, if known, or the location of the customer. The geographic distribution of our consolidated orders was as follows:

($ in millions)	2025	2024	% Change
Europe	12,169	10,518	16%
The Americas	14,537	11,575	26%
of which: United States	11,591	8,648	34%
Asia, Middle East and Africa	10,059	9,389	7%
of which: China	3,805	3,480	9%
Total	**36,765**	**31,482**	**17%**

In 2025, orders in the Americas increased 26 percent (26 percent in local currencies), supported by continued strong underlying demand across all business areas, with particularly strong performance in the United States, supported by several large orders in both the Electrification and Automation business areas. Orders also rose in Canada and Brazil, while orders decreased in Mexico. In Europe, orders increased 16 percent (11 percent in local currencies). Growth was broad-based across most of our larger markets, including Italy, Germany, Sweden, Finland, Norway, and the United Kingdom, while orders declined in the Netherlands, Austria, and Belgium. In Asia, Middle East and Africa, orders increased 7 percent (7 percent in local currencies) as orders strengthened in China, India, South Korea and Thailand, but declined in Australia, Saudi Arabia and Japan.

ORDER BACKLOG

December 31, ($ in millions)	2025	2024	% Change
Electrification	9,438	7,506	26%
Motion	6,285	5,239	20%
Automation	10,133	7,631	33%
Total business areas	**25,856**	**20,376**	**27%**
Corporate and Other			
E-mobility, Non-core and divested businesses	456	355	28%
Intersegment eliminations	(1,030)	(756)	n.a.
Total	**25,282**	**19,975**	**27%**

At December 31, 2025, consolidated order backlog was 27 percent higher (19 percent in local currencies) compared to December 31, 2024. The Order backlog increased across all business areas as orders continued to outpace revenues. In the Automation business area, the backlog increase was bolstered by the booking of several large orders, with strong order growth in the marine and ports segments. In the Electrification business area, the backlog increase mainly reflected the order growth in the long cycle project- and systems-related businesses, also supported by the booking of several large orders. In the Motion business area, the backlog growth was primarily driven by the project and systems-related businesses, as well as the service business. Foreign currency movements further supported the increase in Order backlog compared to prior year.

REVENUES

($ in millions)	2025	2024	% Change
Electrification	17,357	15,448	12%
Motion	8,247	7,787	6%
Automation	8,084	7,692	5%
Total business areas	**33,688**	**30,927**	**9%**
Corporate and Other			
E-mobility, Non-core and divested businesses	462	558	(17)%
Intersegment eliminations	(930)	(902)	n.a.
Total	**33,220**	**30,583**	**9%**

In 2025, revenues increased 9 percent (7 percent in local currencies), driven by strong volume growth across all business areas, with support from positive price impacts. Revenue growth was led by the Electrification business area through strong short-cycle momentum and strong execution of order backlog across market segments. In the Motion business area, the revenue increase was driven by higher volumes in both short-cycle and long-cycle businesses. Revenue growth in the Automation business area was primarily a result of robust demand in the marine and energy segments, further supported by strong order backlog execution. For additional analysis of revenues for each of the business areas, refer to the relevant sections of “Business analysis” below.

We determine the geographic distribution of our revenues based on the location of the ultimate destination of the products’ end use, if known, or the location of the customer. The geographic distribution of our consolidated revenues was as follows:

($ in millions)	2025	2024	% Change
Europe	11,407	10,138	13%
The Americas	12,424	11,370	9%
of which: United States	9,660	8,623	12%
Asia, Middle East and Africa	9,389	9,075	3%
of which: China	3,650	3,705	(1)%
Total	**33,220**	**30,583**	**9%**

In 2025, revenues increased 9 percent in the Americas (10 percent in local currencies), including an increase of 12 percent in the United States (12 percent in local currencies). Canada also delivered strong growth, while Mexico declined. In Europe, revenues increased 13 percent (7 percent in local currencies) with growth across most major markets led by Germany, Italy, Sweden, and the Netherlands. In Asia, Middle East and Africa, revenues increased 3 percent (4 percent in local currencies) compared to 2024. Growth in Australia, Saudi Arabia, Malaysia, and the United Arab Emirates was partially offset by declines in China of 1 percent (2 percent in local currencies) and Singapore.

COST OF SALES

Cost of sales consists primarily of labor, raw materials and component costs but also includes indirect production costs, expenses for warranties, contract and project charges, as well as order-related development expenses incurred in connection with projects for which corresponding revenues have been recognized.

In 2025, costs of sales increased 5 percent (4 percent in local currencies) to $19,580 million. Cost of sales as a percentage of revenues decreased to 58.9 percent from 60.8 percent in 2024. In 2025, gross margin improvements were delivered across all business areas. The primary driver in the continued improvement in gross margin is operational leverage on higher revenue volumes, further supported by the strong execution of the order backlog, which had an elevated gross margin level. Additionally, to a lesser extent, positive pricing impacts also contributed to the increase in gross margin.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In 2025, selling, general and administrative expenses increased 10 percent (8 percent in local currencies) compared to 2024, driven by the Electrification business area. As a percentage of revenues, selling, general and administrative expenses increased to 19.8 percent compared to 19.6 percent in 2024. The increase in selling, general and administrative expenses slightly outpaced revenue growth primarily due to the impact of higher costs of labor, including salaries, benefits and annual incentive compensation.

NON-ORDER RELATED RESEARCH AND DEVELOPMENT EXPENSES

In 2025, non-order related research and development expenses increased 4 percent (1 percent in local currencies) compared to 2024 as we continued to execute on our plan to further invest in research and development. The increase in non-order related research and development expenses was principally attributable to the Electrification business area. In 2025, non-order related research and development expenses as a percentage of revenues remained stable (4.0 percent in 2025 compared to 4.1 percent in 2024).

OTHER INCOME (EXPENSE), NET

($ in millions)	2025	2024
Income from provision of services under transition services agreements	29	77
Net gain from sale of property, plant and equipment	196	60
Loss from change in fair value of investments in equity securities	(17)	(92)
Brand income from Hitachi Energy	7	17
Fair value adjustments on assets and liabilities held for sale	—	(113)
Net gain (loss) from sale of businesses	(3)	57
Net gain from sale of, and asset contributions to, equity-accounted investments	49	—
Asset impairments	(7)	(26)
Restructuring and restructuring-related expenses[(1)]	(26)	(53)
Other income (expense)	90	55
Total	**318**	**(18)**

(1) Excluding asset impairments

In 2025, Other income (expense) was a gain of $318 million compared to a loss of $18 million in 2024. The primary reason for the change was that, in 2025, we recorded gains on sales of property, plant and equipment of $196 million, while in 2024, we recorded fair value adjustments of $113 million relating to various businesses held for sale, the largest of which was for In-Charge. The increase also includes $49 million of gains arising on the sale of, and asset contributions to, certain of our equity-accounted investments, which have been partially offset by a decrease in income arising from the provision of services under transition services agreements as, in 2025, a number of agreements have concluded or are winding down.

INCOME FROM OPERATIONS

($ in millions)	2025	2024	% Change
Electrification	4,065	3,362	21%
Motion	1,564	1,400	12%
Automation	1,097	942	16%
Total business areas	**6,726**	**5,704**	**18%**
Corporate and Other	(674)	(967)	n.a.
Intersegment elimination	(5)	(2)	n.a.
Total	**6,047**	**4,735**	**28%**

In 2025, changes in Income from operations were a result of the factors discussed above and in “Business analysis” below.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses include Interest and dividend income and Interest and other finance expense.

Interest and other finance expense includes interest expense on our debt, the amortization of upfront transaction costs associated with long-term debt and committed credit facilities, commitment fees on credit facilities, foreign exchange gains and losses on financial items, and gains and losses on marketable securities. In addition, interest costs relating to uncertain tax positions are included within interest expense.

($ in millions)	2025	2024
Interest and dividend income	203	206
Interest and other finance expense	(86)	(74)

In 2025, Interest and dividend income remained stable while Interest and other finance expense increased modestly, primarily due to a higher level of interest accrued on uncertain tax positions.

NON-OPERATIONAL PENSION (COST) CREDIT

A non-operational pension credit of $55 million was recorded in 2025 compared to a $56 million credit in 2024. The slight decrease in the non-operational pension credit compared to 2024 is primarily due to lower expected return on plan assets more than offsetting lower interest rate costs on the benefit obligations (see “Note 18 - Employee benefits” to our Consolidated Financial Statements).

INCOME TAX EXPENSE

($ in millions)	2025	2024
Income from continuing operations before taxes	6,219	4,923
Income tax expense	(1,570)	(1,197)
Effective tax rate for the year	25.2%	24.3%

In 2025, the effective tax rate increased to 25.2 percent from 24.3 percent in 2024. In 2025, the increase in the effective tax rate was primarily driven by lower benefits from favorable assessments of uncertain tax provisions impacting the rate by approximately 1 percentage point.

See “Note 17 - Income taxes” to our Consolidated Financial Statements for additional information.

INCOME FROM CONTINUING OPERATIONS, NET OF TAX

As a result of the factors discussed above, compared to 2024, Income from continuing operations, net of tax, increased by $923 million to $4,649 million in 2025.

INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX

In October 2025, we entered into an agreement to divest our Robotics division to SoftBank Group Corp. The divestment is expected to be completed in the second half of 2026, subject to regulatory approvals and customary closing conditions. As this divestment represents a strategic shift that will have a major effect on our operations and financial results, the results of operations for this business have been presented as discontinued operations for all years presented.

Income from discontinued operations of $174 million in 2025 and $226 million in 2024 excludes certain costs which were previously allocated to the Robotics division as these costs were not directly attributable to the business. As a result, $123 million for each of 2025 and 2024 of allocated overhead and other management costs (stranded corporate costs), which were previously able to be included in the measure of segment profit for the Robotics division are now reported as part of Corporate and Other.

In addition, we have retained obligations (primarily from the former Power Grids business as well as environmental and taxes) related to other businesses disposed of or otherwise exited that qualified as discontinued operations. Changes to these retained obligations are also included in Income from discontinued operations, net of tax.

For additional information on the divestment and discontinued operations, see “Note 3 - Discontinued operations” to our Consolidated Financial Statements.

NET INCOME ATTRIBUTABLE TO ABB

As a result of the factors discussed above, compared to 2024, Net income attributable to ABB increased by $799 million to $4,734 million in 2025.

EARNINGS PER SHARE ATTRIBUTABLE TO ABB SHAREHOLDERS

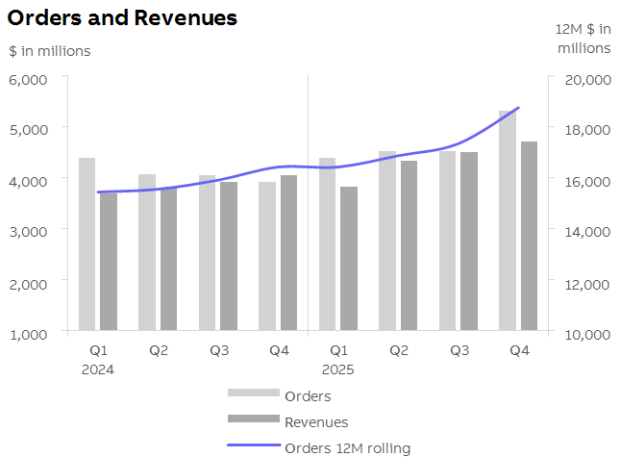
(in $)	2025	2024
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.50	2.01
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.49	2.00
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13

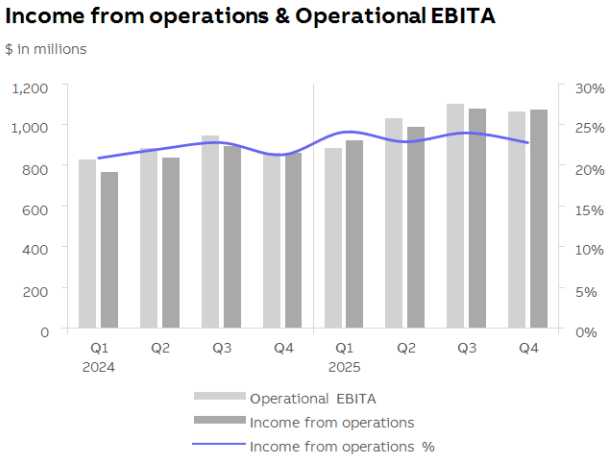
Basic earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise outstanding written call options and outstanding options and shares granted subject to certain conditions under our share-based payment arrangements. See “Note 21 - Earnings per share” to our Consolidated Financial Statements.

BUSINESS ANALYSIS

ELECTRIFICATION BUSINESS AREA

The financial results of our Electrification business area were as follows:





($ in millions)	2025	2024	% Change
Orders	18,757	16,422	14%
Order backlog at December 31,	9,438	7,506	26%
Revenues	17,357	15,448	12%
Income from operations	4,065	3,362	21%
Operational EBITA	4,081	3,520	16%

Orders

Approximately two-thirds of the business area's orders are for products with short lead times or for service orders; these orders are usually recorded and delivered within a three-month period and thus are generally considered as short-cycle. The remainder is comprised of smaller project orders that require longer lead times, as well as larger solutions requiring engineering and installation. Approximately half of the business area's orders are received via third-party distributors. As a consequence, end-customer market data and analysis is based partially on management estimates.

In 2025, orders increased 14 percent (13 percent in local currencies) compared to 2024. The positive order impact from acquisitions, such as the SEAM Group in August 2024 and the Siemens wiring accessories business in China in March 2025, was offset by divestments and business transfers to joint venture partners. Order growth was strongest in the Distribution Solutions, Smart Power, and Service divisions. From a customer segment perspective, particular strength was recorded in data centers with order growth boosted by several large orders totaling approximately $600 million. Other areas of strength were noted in the oil & gas, semiconductors and utilities segments, while growth in the long cycle project- and systems-related businesses outpaced the growth in short cycle product businesses. Order growth in the buildings segment, the Electrification business area's largest end-user segment, was supported by a positive development in the commercial buildings sector while demand in the residential buildings market remained subdued.

The geographic distribution of orders for our Electrification business area was as follows:

($ in millions)	2025	2024
Europe	5,422	4,926
The Americas	8,567	7,032
of which: United States	7,050	5,486
Asia, Middle East and Africa	4,768	4,464
of which: China	1,731	1,744
Total	**18,757**	**16,422**

In 2025, orders in the Americas increased 22 percent, driven by significant growth in the United States. The positive order impact from the acquisition of the SEAM Group in August 2024 was offset by divestments and business transfers to joint venture partners. Orders grew 7 percent in Asia, Middle East and Africa, including a 2 percent contribution from the acquisition of the Siemens wiring accessories business in China. Orders in China decreased 1 percent despite a 5 percent positive impact from the Siemens wiring accessories business. Orders in Europe increased 10 percent (5 percent in local currencies), with widespread growth in most markets, including key markets such as Italy and Germany.

Order backlog

In 2025, order backlog increased 26 percent (21 percent in local currencies). The order backlog growth was led by the Smart Power, Distribution Solutions and Service divisions, and mainly reflected the order growth in the long cycle project- and systems-related businesses. The high order backlog was further supported by several large orders received in the fourth quarter.

Revenues

In 2025, revenues increased 12 percent (11 percent in local currencies) compared to 2024. The positive revenue impact from acquisitions was offset by divestments and business transfers to joint venture partners. Revenues grew in all divisions, led by the Smart Power, Distribution Solutions and Service divisions, as strong backlog execution was combined with high demand from data centers, oil & gas and utilities, as well as the commercial building segment.

The geographic distribution of revenues for our Electrification business area was as follows:

($ in millions)	2025	2024
Europe	5,275	4,665
The Americas	7,647	6,622
of which: United States	6,120	5,150
Asia, Middle East and Africa	4,435	4,161
of which: China	1,811	1,795
Total	**17,357**	**15,448**

In 2025, revenues in the Americas increased 15 percent (16 percent in local currencies) led by the United States and Canada. Revenues increased 7 percent in Asia, Middle East and Africa with growth across multiple markets, including a 1 percent increase in China. The acquisition of the Siemens wiring accessories business in China positively impacted growth in Asia, Middle East and Africa by 2 percent, and growth in China by 6 percent. Revenues in Europe increased 13 percent (8 percent in local currencies) with strength in Italy, Germany, the Netherlands and the Czech Republic.

Income from operations

In 2025, Income from operations increased 21 percent, mainly driven by operational leverage on higher volumes, targeted pricing actions and improved productivity in operations, which more than offset the negative impact of United States tariffs, rising raw material spend and higher labor costs. Non-order related research and development expenses increased, in line with our commitment to ensure a stable investment level relative to revenues. The higher research and development activities focused on growth initiatives, including data center offerings, an enhanced service portfolio, market localization, as well as investments in sustainable products and renewable energy solutions. Changes in foreign currencies, including the impacts from FX/commodity timing differences summarized in the table below, positively impacted income from operations in 2025 by approximately 5 percent.

Operational EBITA

The reconciliation of Income from operations to Operational EBITA for the Electrification business area was as follows:

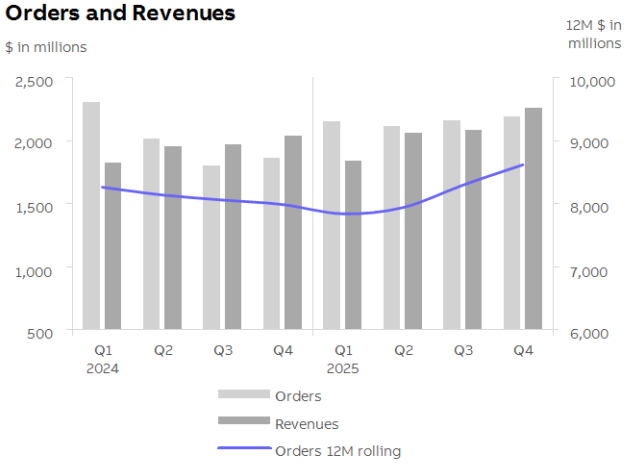
($ in millions)	2025	2024
Income from operations	**4,065**	**3,362**
Acquisition-related amortization	108	94
Restructuring, related and implementation costs	26	27
Gains and losses from sale of businesses	(5)	(73)
Fair value adjustment on assets and liabilities held for sale	—	25
Acquisition- and divestment-related expenses and integration costs	35	38
Certain other non-operational items	(23)	7
FX/commodity timing differences in income from operations	(125)	40
Operational EBITA	**4,081**	**3,520**

In 2025, Operational EBITA increased 16 percent (14 percent excluding the impact from changes in foreign currency exchange rates) compared to 2024, primarily due to the reasons described under “Income from operations”, excluding the explanations related to the reconciling items in the table above.

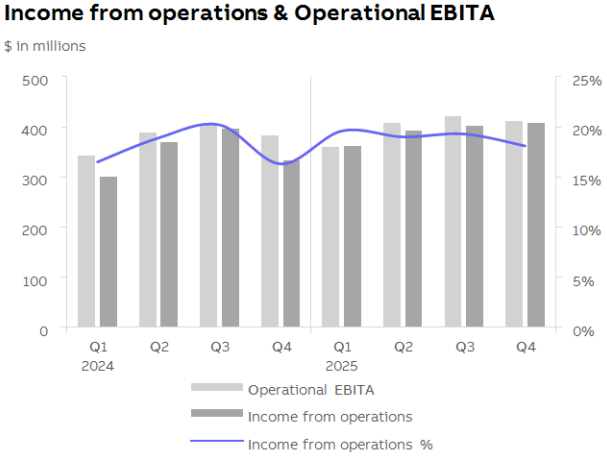
MOTION BUSINESS AREA

The financial results of our Motion business area were as follows:

Orders and Revenues



Income from operations & Operational EBITA



($ in millions)	2025	2024	% Change
Orders	8,619	7,989	8%
Order backlog at December 31,	6,285	5,239	20%
Revenues	8,247	7,787	6%
Income from operations	1,564	1,400	12%
Operational EBITA	1,600	1,518	5%

Orders

In 2025, orders increased 8 percent (6 percent in local currencies) compared to 2024, with growth in most divisions. The High Power division experienced strong double-digit order growth, linked mainly to positive developments in marine, power and HVACR for commercial buildings. This more than offset lower orders in pulp and paper, and chemicals. In the Traction division, even though the underlying market remains robust, orders declined compared to the previous year primarily due to the receipt of several large orders in 2024. Orders in the short-cycle product-related businesses increased from a low comparable, driven by increased demand for HVACR for commercial buildings, food & beverage and water & wastewater.

The geographic distribution of orders for our Motion business area was as follows:

($ in millions)	2025	2024
Europe	2,867	2,688
The Americas	3,056	2,545
of which: United States	2,555	2,010
Asia, Middle East and Africa	2,696	2,756
of which: China	1,320	1,217
Total	**8,619**	**7,989**

In 2025, orders increased 7 percent (2 percent in local currencies) in Europe with growth in Sweden, France, Norway, the United Kingdom and Finland, partially offset by lower orders in Austria, Italy and Switzerland. In Asia, Middle East and Africa, orders decreased 2 percent (2 percent in local currencies) as growth in China and India was offset by declines in Australia, mainly due to a large order booking in 2024. In the Americas, orders increased sharply by 20 percent (20 percent in local currencies) driven by order growth in the United States and Brazil, which more than offset declines in Canada and Mexico.

Order backlog

Order backlog increased 20 percent (10 percent in local currencies) to $6.3 billion. The order backlog increased in almost all divisions, with the highest growth recorded in the High Power division, in line with the growth in orders, followed by the Traction division, where orders continued to outpace revenues.

Revenues

In 2025, revenues increased 6 percent (4 percent in local currencies) compared to 2024. Growth was supported by strong order backlog execution in the long-cycle businesses, as well as positive developments in the short-cycle businesses. Higher volume was the main driver of revenue growth, further supported by a positive impact from pricing. Revenue growth was strong in the Traction division, which executed well on their large order backlog, as well as in the Drive Products division.

The geographic distribution of revenues for our Motion business area was as follows:

($ in millions)	2025	2024
Europe	2,870	2,514
The Americas	2,750	2,699
of which: United States	2,238	2,173
Asia, Middle East and Africa	2,627	2,574
of which: China	1,250	1,238
Total	**8,247**	**7,787**

In 2025, revenues in Europe increased 14 percent (9 percent in local currencies) compared to 2024. The revenue increase was driven by Germany, Sweden, Spain, Norway, the United Kingdom and the Netherlands, partly offset by a decline in Italy. In Asia, Middle East and Africa, revenues increased 2 percent (2 percent in local currencies) as China was broadly stable, while strong growth in the United Arab Emirates and South Korea was mostly offset by declines in India and other smaller markets. In the Americas, revenues increased 2 percent (2 percent in local currencies) driven by revenue increases in the United States, Canada and Chile.

Income from operations

In 2025, income from operations increased 12 percent (9 percent in local currencies) supported by operational leverage on higher volumes, with positive pricing and structural profitability improvements both in the long-cycle and short-cycle businesses. This was, however, partly offset by higher selling, general and administrative expenses and non-order related research and development expenses. The profitability improvement was strongest in the Traction, Drive Products and IEC LV Motors divisions as a result of higher volumes, favorable product mix and underlying profitability improvements. Changes in foreign currencies, including the impacts from FX/commodity timing differences summarized in the table below, positively impacted income from operations by approximately 7 percent.

Operational EBITA

The reconciliation of Income from operations to Operational EBITA for the Motion business area was as follows:

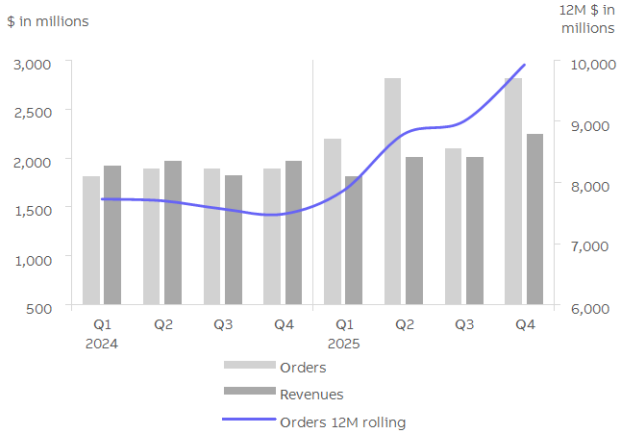
($ in millions)	2025	2024
Income from operations	**1,564**	**1,400**
Acquisition-related amortization	37	35
Restructuring, related and implementation costs	26	39
Acquisition- and divestment-related expenses and integration costs	8	5
Certain other non-operational items	16	7
FX/commodity timing differences in income from operations	(51)	32
Operational EBITA	**1,600**	**1,518**

In 2025, Operational EBITA increased 5 percent (3 percent excluding the impact from changes in foreign currency exchange rates) compared to 2024, primarily due to the reasons described under “Income from operations”, excluding the explanations related to the reconciling items in the table above.

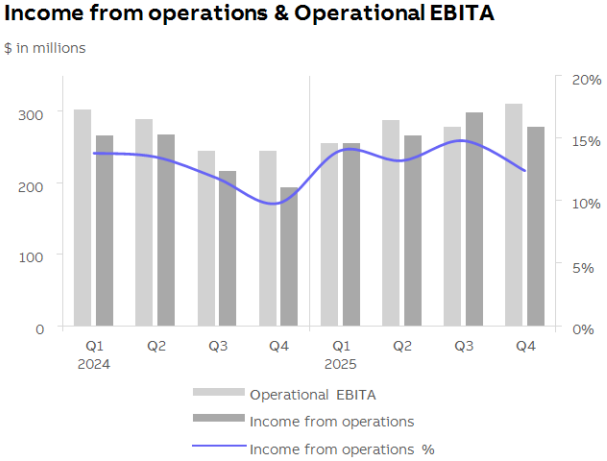
AUTOMATION BUSINESS AREA

The financial results of our Automation business area were as follows:

Orders and Revenues



Income from operations & Operational EBITA



($ in millions)	2025	2024	% Change
Orders	9,928	7,485	33%
Order backlog at December 31,	10,133	7,631	33%
Revenues	8,084	7,692	5%
Income from operations	1,097	942	16%
Operational EBITA	1,132	1,080	5%

Orders

Total orders increased 33 percent (30 percent in local currencies) compared to 2024. The strong order growth was supported by the booking of several large project orders which together contributed approximately $1.2 billion. Excluding the impact of these large orders, the underlying market activity level remained robust. The Marine & Ports division benefited from particularly strong demand in the Marine sector. The Energy Industries division recorded higher orders, supported by solid activity in the power, LNG, and pharmaceuticals segments. In the Process Industries division, orders were broadly stable, as demand in metals & mining and pulp & paper remained soft. The Measurement & Analytics division experienced order growth, underpinned by steady short-cycle demand for products, systems, and services across most customer segments. Meanwhile, the order growth in the Machine Automation division is further supported by a favorable comparable, as the previous year was negatively impacted by order cancellations.

The geographic distribution of orders for our Automation business area was as follows:

($ in millions)	2025	2024
Europe	4,197	3,144
The Americas	2,825	1,932
of which: United States	1,928	1,117
Asia, Middle East and Africa	2,906	2,409
of which: China	928	662
Total	**9,928**	**7,485**

Orders in Europe increased 33 percent (28 percent in local currencies). Orders increased in Italy, Germany and the United Kingdom. Orders in Asia, Middle East and Africa increased 21 percent (20 percent in local currencies) driven by higher orders in China, South Korea and the United Arab Emirates. In the Americas, orders increased 46 percent (45 percent in local currencies) driven by an increase in the United States and Canada, with additional support from the large orders referred to above.

Order backlog

In 2025, order backlog increased 33 percent (23 percent in local currencies) compared to 2024. The increase in order backlog is driven primarily by an increase in the Marine & Ports division, supported by several large order bookings. Order backlog also increased in the Energy Industries division, where orders continue to outpace revenues.

Revenues

In 2025, revenues increased 5 percent (3 percent in local currencies) compared to 2024. Revenues increased in all divisions except the Machine Automation division, reflecting strong execution of the order backlog, as well as positive developments in the service business, led by the Marine & Ports and Energy Industries divisions. The decrease in revenues in the Machine Automation division is primarily driven by a decline in volumes due to less support from the order backlog.

The geographic distribution of revenues for our Automation business area was as follows:

($ in millions)	2025	2024
Europe	3,469	3,129
The Americas	2,039	1,978
of which: United States	1,313	1,233
Asia, Middle East and Africa	2,576	2,585
of which: China	744	811
Total	**8,084**	**7,692**

Revenues were 3 percent higher (3 percent in local currencies) in the Americas, flat (down 1 percent in local currencies) in Asia, Middle East and Africa and 11 percent higher (6 percent in local currencies) in Europe compared to 2024. In the Americas, revenue growth was driven by the United States and Canada. In Asia, Middle East and Africa, revenues decreased in China and India, partially offset by increases in Australia and the United Arab Emirates. In Europe, growth was reported in key markets including the Netherlands, Norway, Sweden, Finland and Germany.

Income from operations

In 2025, income from operations increased 16 percent compared to 2024, driven by strong business performance in most divisions, led by the Marine & Ports and Process Industries divisions. Growth was driven primarily by higher volumes on the execution of the order backlog, which led to a more favorable gross margin. Selling, general and administrative expenses increased in support of revenue growth while non-order related research and development expenses remained stable. Changes in foreign currencies, including the effect from changes in the FX/commodity timing differences summarized in the table below, positively impacted income from operations by approximately 3 percent.

Operational EBITA

The reconciliation of Income from operations to Operational EBITA for the Automation business area was as follows:

($ in millions)	2025	2024
Income from operations	**1,097**	**942**
Acquisition-related amortization	38	56
Restructuring, related and implementation costs	20	70
Acquisition- and divestment-related expenses and integration costs	11	6
Certain other non-operational items	(17)	(1)
FX/commodity timing differences in income from operations	(17)	7
Operational EBITA	**1,132**	**1,080**

In 2025, Operational EBITA increased 5 percent (3 percent excluding the impact from changes in foreign currency exchange rates) compared to 2024, primarily due to the reasons described under “Income from operations”, excluding the explanations related to the reconciling items in the table above.

CORPORATE AND OTHER

Net loss from operations for Corporate and Other was as follows:

($ in millions)	2025	2024
Corporate headquarters and stewardship	(457)	(413)
Stranded corporate costs	(123)	(123)
Other corporate costs	(92)	(9)
Fair value adjustment on equity securities	(2)	(80)
Corporate brand income from Hitachi Energy	7	17
Corporate real estate	185	55
E-mobility	(205)	(445)
Divested businesses and other non-core activities	8	29
Total Corporate and Other	**(679)**	**(969)**

In 2025, the net loss from operations within Corporate and Other decreased $290 million to $679 million compared to 2024. The decrease in 2025 is primarily driven by a strong reduction in the net loss from operations in E-mobility and significant gains from the sale of real estate properties, while the previous year includes a negative fair value adjustment of an equity investment which further increased the net loss in 2024.

Corporate

In 2025, Corporate headquarters and stewardship costs increased by $44 million compared to 2024, primarily due to the reduction in estimated self-insurance reserves in 2024 which did not repeat in 2025.

Corporate real estate primarily includes income and expenses from property rentals and gains from the sale of real estate properties. In 2025 and 2024, income from operations in corporate real estate of $185 million and $55 million, respectively, principally represented gains from the sale of real estate properties.

Stranded corporate costs includes the amount of allocated general and administrative and other overhead costs previously included in the measure of segment profit (Operational EBITA) for the Robotics business which is presented as discontinued operations. These allocated costs do not qualify for being reported as costs within the discontinued operation.

Other corporate costs included the negative impact from foreign exchange derivatives and operational costs of Corporate Treasury.

Other – E-mobility

In 2025, E-mobility reported a net loss from operations of $205 million compared to a net loss from operations of $445 million in 2024. While revenues decreased 14 percent (16 percent in local currencies), gross profit increased by $102 million as the investments made to ensure a more focused portfolio and improve operational performance began to take hold. In addition, the decrease is further supported by the results of 2024 being negatively impacted by certain charges which did not repeat in 2025, including a fair value adjustment on assets held for sale of $88 million related to InCharge and combined charges of $55 million in connection with excess and obsolete components of inventory and related purchase obligations.

Other – Divested businesses and other non-core activities

The results of operations for certain divested businesses and other non-core activities are presented in Corporate and Other. Divested businesses include the high-voltage cables business, steel structures business and the oil & gas EPC business. Other continuing non-core activities include the execution and wind-down of certain legacy EPC and other contracts.

In 2025 and 2024, the amounts represent charges and losses relating to divested businesses and the winding down of the remaining EPC projects. We recorded a gain of $8 million in 2025, compared to a gain of $29 million in 2024. The 2024 gain included a favorable impact from legal settlements in the divested oil & gas business.

At December 31, 2025, our remaining non-core activities primarily include the completion of the remaining EPC contracts for substations and oil & gas.

LIQUIDITY AND CAPITAL RESOURCES

PRINCIPAL SOURCES OF FUNDING

We meet our liquidity needs principally using cash from operations, proceeds from the issuance of debt instruments (bonds and commercial paper), and short-term bank borrowings.

Our net debt is shown in the table below:

December 31, ($ in millions)	2025	2024
Short-term debt and current maturities of long-term debt	475	292
Long-term debt	7,829	6,648
Cash and equivalents	(4,640)	(4,326)
Marketable securities and short-term investments	(1,981)	(1,334)
Net debt (defined as the sum of the above lines)	**1,683**	**1,280**

During 2025, although we continued to increase cash from operating activities, our net debt increased (as presented in the table above), driven primarily by the impact of foreign exchange rate movements and the issuance of new bonds partially offset by the continued return of cash to shareholders in the form of dividends and purchases of treasury stock.

During 2025, our net debt increased $403 million to a net debt position of $1,683 million at December 31, 2025. In 2025, we generated cash flows from operating activities of $5,469 million. This was partly offset by purchases of treasury shares of $1,499 million, including $1,328 million relating to the repurchase of our shares, as well as $1,907 million for the payment of the dividend to our shareholders. We also made net purchases of property, plant and equipment and intangible assets of $903 million (including impact from discontinued operations) and payments of $752 million related to the acquisition of businesses and investments in cost- and equity-accounted companies. The effect of exchange rate movements increased net debt by approximately $700 million. See “Financial position”, “Investing activities” and “Financing activities” for further details.

Corporate Treasury is responsible for providing a range of treasury management services to our Group companies, including investing cash in excess of current business requirements. At December 31, 2025 and 2024, the proportion of our aggregate Cash and equivalents and Marketable securities and short-term investments in legal entities directly managed by Corporate Treasury amounted to approximately 68 percent and 62 percent, respectively.

Our investment strategy for cash (in excess of current business requirements) has generally been to invest in short-term time deposits with maturities of less than 3 months, in money market funds and, in some cases, government securities. We actively monitor credit risk in our investment and derivative portfolios. Credit risk exposures are controlled in accordance with policies approved by our senior management to identify, measure, monitor and control credit risks. We have minimum rating requirements for our counterparts and closely monitor developments in the credit markets making appropriate changes to our investment policy as deemed necessary. In addition to minimum rating criteria, we have strict investment parameters and specific approved instruments as well as restrictions on the types of investments we make. These parameters are closely monitored on an ongoing basis and amended as we consider necessary.

Our cash is held in various currencies around the world. Approximately 65 percent of our cash and equivalents held at December 31, 2025, was in U.S. dollars, while the most significant foreign currencies in which cash and equivalents was held were Chinese Renminbi (5 percent) and Indian Rupees (5 percent).

We believe the ongoing cash flows generated from our business, supplemented, when necessary, through access to the capital markets (including short-term commercial paper) and our credit facilities are sufficient to support business operations, capital expenditures, business acquisitions, the payment of dividends to shareholders and contributions to pension plans. Consequently, we believe that our ability to obtain funding from these sources will continue to provide the cash flows necessary to satisfy our working capital and capital expenditure requirements, as well as meet our debt repayments and other financial commitments for the next 12 months. See "Contractual obligations and commitments".

Due to the nature of our operations, including the timing of annual incentive payments to employees, our cash flow from operations generally tends to be weaker in the first half of the year than in the second half of the year.

DEBT AND INTEREST RATES

Total outstanding debt was as follows:

December 31, ($ in millions)	2025	2024
Short-term debt and current maturities of long-term debt	475	292
Long-term debt:		
Bonds	6,956	5,939
EIB R&D Loan	539	539
Other long-term debt	334	170
Total debt	**8,304**	**6,940**

In 2025, we repaid bonds having a book value at the end of 2024 of $166 million. As the amount of bonds due in 2026 is higher, at $410 million, this has increased the amount of short-term debt.

At December 31, 2025, Long-term debt was $1,181 million higher compared to the end of 2024. We issued two new instruments in 2025 which remain classified as Long-term debt at December 31, 2025 (CHF 350 million of 0.8725% Bonds due 2032 and CHF 250 million of 1.2762% Bonds due 2036). This was only partially offset by the reclassification to current of the CHF 325 million 1.965% Bonds due 2026. The depreciation of the US dollar resulted in a significant increase in our long-term debt due to the remeasurement of our non-US dollar-denominated bonds.

Our debt has been obtained in a range of currencies and maturities and with various interest rate terms. For certain of our debt obligations, we use derivatives to manage the fixed interest rate exposure. For example, we use interest rate swaps and cross-currency interest rate swaps to effectively convert fixed rate debt into floating rate liabilities. After considering the effects of interest rate swaps and cross-currency interest rate swaps, at December 31, 2025, the effective average interest rate on our floating rate long-term debt (including current maturities) of $2,159 million and our fixed rate long-term debt (including current maturities) of $6,119 million was 4.0 percent and 2.7 percent, respectively. This compares with an effective rate of 5.0 percent for floating rate long-term debt of $1,807 million and 2.8 percent for fixed rate long-term debt of $5,050 million at December 31, 2024.

For a discussion of our use of derivatives to modify the interest characteristics of certain of our individual bond issuances, see "Note 13 - Debt" to our Consolidated Financial Statements.

CREDIT FACILITY

In June 2025, the Company replaced its previous multicurrency revolving credit facility, maturing in 2026, with a new $2 billion 5-year multicurrency revolving credit facility maturing in 2030. The new facility provides an option in 2026 and 2027, to extend the maturity to 2031 and 2032, respectively. No amount was drawn at December 31, 2025 and 2024, under either the new or old facility. The facility is available for general corporate purposes and contains cross-default clauses whereby an event of default would occur if we were to default on indebtedness, as defined in the facility, at or above a specified threshold.

The credit facility does not contain financial covenants that would restrict our ability to pay dividends or raise additional funds in the capital markets. For further details of the credit facility, see "Note 13 - Debt" to our Consolidated Financial Statements.

COMMERCIAL PAPER

At December 31, 2025, we had two commercial paper programs in place:

- a $2 billion commercial paper program for the private placement of U.S. dollar denominated commercial paper in the United States, and
- a $2 billion Euro-commercial paper program for the issuance of commercial paper in a variety of currencies.

At December 31, 2025 and 2024, there were no amounts outstanding under either of these two programs.

EUROPEAN PROGRAM FOR THE ISSUANCE OF DEBT

Our Euro Medium-Term Note program allows for the issuance of up to the equivalent of $8 billion in certain debt instruments. The terms of the program do not obligate any third party to extend credit to us and the terms and possibility of issuing any debt under the program are determined with respect to, and as of the date of issuance of, each debt instrument. At December 31, 2025, five bonds (principal amount of EUR 500 million due in 2027, principal amount of EUR 500 million due in 2029, principal amount of EUR 800 million due in 2030, principal amount of EUR 750 million due in 2031, and principal amount of EUR 750 million due in 2034) having a combined carrying amount of $3,755 million were outstanding under the program. The carrying amount of the five bonds outstanding under the program at December 31, 2024, was $3,318 million.

CREDIT RATINGS

Credit ratings are assessments by the rating agencies of the credit risk associated with ABB and are based on information provided by us or other sources that the rating agencies consider reliable. Higher ratings generally result in lower borrowing costs and increased access to capital markets. Our ratings are of 'investment grade' which is defined as Baa3 (or above) from Moody's and BBB– (or above) from Standard & Poor's.

At December 31, 2025 and 2024, our long-term debt was rated A2 by Moody's (with a Stable outlook) and was rated A by Standard & Poor's (with a Stable outlook).

LIMITATIONS ON TRANSFERS OF FUNDS

Currency and other local regulatory limitations related to the transfer of funds exist in a number of countries where we operate or otherwise have bank deposits, including: Argentina, Egypt, India, Indonesia, Malaysia, South Africa, South Korea, Thailand, Turkiye and Vietnam. Funds, other than regular dividends, fees or loan repayments, cannot be readily transferred offshore from these countries and are therefore deposited and used for working capital needs in those countries. In addition, there are certain countries where, for tax reasons, it is not considered optimal to transfer the cash offshore. Consequently, these funds are not available within Corporate Treasury to meet short-term cash obligations outside the relevant country. The above-described funds are reported as cash in our Consolidated Balance Sheets, but we do not consider these funds immediately available for the repayment of debt outside the respective countries where the cash is situated, including those described above. At December 31, 2025 and 2024, the balance of Cash and equivalents and Marketable securities and other short-term investments under such limitations (either regulatory or sub-optimal from a tax perspective) totaled $1,516 million and $1,578 million, respectively.

During 2025, we continued to direct our subsidiaries in countries with restrictions to place such cash with our core banks or investment grade banks, where possible, in order to minimize credit risk on such cash positions. We continue to closely monitor the situation to ensure bank counterparty risks are minimized.

FINANCIAL POSITION

BALANCE SHEETS

December 31, ($ in millions)	2025	2024	% Change
Current assets			
Cash and equivalents	4,640	4,326	7%
Marketable securities and short-term investments	1,981	1,334	49%
Receivables, net	7,535	6,843	10%
Contract assets	1,090	889	23%
Inventories, net	5,862	5,420	8%
Prepaid expenses	281	282	0%
Other current assets	627	511	23%
Current assets held for sale and in discontinued operations	3,562	1,154	209%
Total current assets	**25,578**	**20,759**	**23%**

For a discussion on Cash and equivalents, see sections “Liquidity and Capital Resources—Principal sources of funding” and “Cash flows”.

Marketable securities and short-term investments increased in 2025, primarily reflecting higher amounts placed in money market funds classified as equity securities (see “Note 5 - Cash and equivalents, marketable securities and short-term investments” to our Consolidated Financial Statements).

Receivables increased 10 percent (3 percent in local currencies), reflecting increased Revenues mainly due to higher business volumes at the end of 2025 compared to 2024, led by the Electrification and Motion business areas.

Contract assets increased 23 percent (14 percent in local currencies), primarily due to the higher level of business activity as well as timing of invoices issued. In local currencies, the increase is driven by higher levels in both the Automation and Motion business areas.

Inventories increased 8 percent primarily due to movements in foreign currencies. Even with the increase in Revenues, Inventories decreased 2 percent in local currencies, reflecting our continued focus on optimizing working capital and supply chain management.

Current assets held for sale and in discontinued operations increased to $3,562 million from $1,154 million mainly due to the reclassification of assets in the Robotics business (reported as discontinued operations) from non-current assets to current assets. This reclassification reflects that this business is expected to be divested within the next 12 months. For details of the assets of the Robotics business see “Note 3 - Discontinued operations” to our Consolidated Financial Statements.

December 31, ($ in millions)	2025	2024	% Change
Current liabilities			
Accounts payable, trade	5,210	4,681	11%
Contract liabilities	3,221	2,704	19%
Short-term debt and current maturities of long-term debt	475	292	63%
Current operating leases	253	225	12%
Provisions	1,477	1,462	1%
Other current liabilities	4,677	4,375	7%
Current liabilities held for sale and in discontinued operations	1,108	915	21%
Total current liabilities	**16,421**	**14,654**	**12%**

Accounts payable, trade, increased 11 percent (3 percent in local currencies) reflecting some increase in average days payable in 2025 compared to 2024, as well as higher costs of commodities purchased at the end of 2025. The increase is led by the Electrification and Motion business areas.

Contract liabilities increased 19 percent (11 percent in local currencies) due to higher levels of business activity, including progress billings and advances at the end of 2025 compared to 2024. The increase primarily reflects higher levels in the Automation business area.

The increase in short-term debt and current maturities of long-term debt in 2025 reflects the reclassification to current of the CHF 325 million 1.965% Bonds, due 2026, partially offset by the repayment at maturity of the CHF 150 million 2.1% CHF Bonds.

Current operating leases includes the portion of the operating lease liabilities that are due to be paid in the next 12 months. For a summary of operating lease liabilities, see “Note 16 - Leases” to our Consolidated Financial Statements.

For a breakdown of Provisions and Other current liabilities, see “Note 14 - Provisions, other current liabilities and other non-current liabilities” and “Note 15 - Commitments and contingencies” to our Consolidated Financial Statements.

Current liabilities held for sale and in discontinued operations increased to $1,108 million from $915 million due to the reclassification of liabilities in the Robotics business (reported as discontinued operations) from non-current liabilities to current liabilities. This reclassification reflects that this business is expected to be divested within the next 12 months. For details of the liabilities of the Robotics business see “Note 3 - Discontinued operations” to our Consolidated Financial Statements.

December 31, ($ in millions)	2025	2024	% Change
Non-current assets			
Property, plant and equipment, net	4,692	3,986	18%
Operating lease right-of-use assets	765	752	2%
Investments in equity-accounted companies	349	351	(1)%
Prepaid pension and other employee benefits	937	688	36%
Intangible assets, net	1,119	999	12%
Goodwill	9,637	8,801	9%
Deferred taxes	1,248	1,299	(4)%
Other non-current assets	560	484	16%
Non-current assets held for sale and in discontinued operations	—	2,169	(100)%
Total non-current assets	**19,307**	**19,529**	**(1)%**

Property, plant and equipment increased 18 percent (8 percent in local currencies) as capital expenditures continued to exceed annual depreciation expense.

For details on Investments in equity-accounted companies see “Note 4 - Acquisitions, divestments and equity-accounted companies” to our Consolidated Financial Statements.

Prepaid pension and other employee benefits increased 36 percent (20 percent in local currencies). For additional information on Pension and employee benefits see “Note 18 - Employee benefits” to our Consolidated Financial Statements.

Intangible assets increased 12 percent (5 percent in local currencies). The increase is primarily due to the acquisitions of the Siemens wiring accessories business in China, the power electronics business of Gamesa Electric in Spain and Sensorfact BV, partially offset by the amortization recorded during the year.

Goodwill increased 9 percent (6 percent in local currencies) primarily due to the acquisitions of the Siemens wiring accessories business in China, the power electronics business of Gamesa Electric in Spain and Sensorfact BV during the year. For additional information on goodwill and intangible assets see “Note 12 - Goodwill and intangible assets” to our Consolidated Financial Statements.

For details on deferred tax assets see “Note 17 - Income taxes” to our Consolidated Financial Statements.

Non-current assets held for sale and in discontinued operations decreased due to the reclassification of assets in the Robotics business from non-current assets to current assets. For details of the Robotics business see “Note 3 - Discontinued operations” to our Consolidated Financial Statements.

December 31, ($ in millions)	2025	2024	% Change
Non-current liabilities			
Long-term debt	7,829	6,648	18%
Non-current operating leases	533	543	(2)%
Pension and other employee benefits	550	541	2%
Deferred taxes	792	651	22%
Other non-current liabilities	2,101	2,066	2%
Non-current liabilities held for sale and in discontinued operations	13	194	(93)%
Total non-current liabilities	**11,818**	**10,643**	**11%**

Long-term debt increased 18 percent (6 percent in local currencies). The balance at December 31, 2025, includes instruments newly issued in 2025: (i) CHF 350 million 0.8725% Bonds, due 2032, and (ii) CHF 250 million 1.2762% Bonds, due 2036. The increase was partially offset by the reclassification to current of the CHF 325 million 1.965% Bonds, due 2026. For additional information on Long-term debt, see “Liquidity and Capital Resources—Debt and interest rates” as well as “Note 13 - Debt” to our Consolidated Financial Statements.

Non-current operating leases includes the portion of the operating lease liabilities that are due to be paid in more than 12 months.

Pension and employee benefits increased 2 percent (decreased 6 percent in local currencies). For additional information on Pension and employee benefits see “Note 18 - Employee benefits” to our Consolidated Financial Statements.

For details on deferred tax liabilities see “Note 17 - Income taxes” to our Consolidated Financial Statements.

For a breakdown of Other non-current liabilities, see “Note 14 - Provisions, other current liabilities and other non-current liabilities” to our Consolidated Financial Statements.

Non-current liabilities held for sale and in discontinued operations decreased due to the reclassification of liabilities in the Robotics business from non-current liabilities to current liabilities. For details of the Robotics business see “Note 3 - Discontinued operations” to our Consolidated Financial Statements.

CASH FLOWS

With the presentation of our Robotics business as discontinued operations, the Consolidated Statements of Cash Flows are shown on a continuing operations basis, with the effects of discontinued operations shown in aggregate for each major cash flow activity. All prior periods presented have been reclassified to conform to the current period presentation.

The Consolidated Statements of Cash Flows can be summarized as follows:

($ in millions)	2025	2024
Net cash provided by operating activities	5,469	4,675
Net cash used in investing activities	(2,389)	(725)
Net cash used in financing activities	(2,877)	(3,326)
Effects of exchange rate changes on cash and equivalents	111	(207)
Net change in cash and equivalents	**314**	**417**

Operating activities

($ in millions)	2025	2024
Net income	4,823	3,952
Income from discontinued operations, net of tax	(174)	(226)
Depreciation and amortization	813	761
Total adjustments to reconcile net income to net cash provided by operating activities (excluding depreciation and amortization)	(409)	74
Total changes in operating assets and liabilities	197	(119)
Net cash provided by operating activities — continuing operations	**5,250**	**4,442**
Net cash provided by operating activities — discontinued operations	**219**	**233**

Cash flows from operating activities of continuing operations in 2025 provided net cash of $5,250 million, an increase of 18 percent compared to 2024. In 2025, we had higher cash effective net income (i.e. net income from continuing operations adjusted for depreciation, amortization and other non-cash items) driven by the continued increase in gross profit, primarily supported by higher volumes and improved operational business performance. Our cash flows in 2025 also improved on continued strong working capital management, driven by reduced inventory levels. In 2025, we continued to reduce our overall working capital while realizing higher business volumes.

Investing activities

($ in millions)	2025	2024
Purchases of investments	(1,218)	(1,563)
Purchases of property, plant and equipment and intangible assets	(1,001)	(799)
Acquisition of businesses (net of cash acquired) and increases in cost- and equity-accounted companies	(752)	(617)
Proceeds from sales of investments	589	2,170
Proceeds from sales of property, plant and equipment	194	107
Proceeds from sales of businesses (net of transaction costs and cash disposed) and cost- and equity-accounted companies	59	(33)
Net cash from settlement of foreign currency derivatives	(129)	87
Other investing activities	(10)	(13)
Net cash used in investing activities — continuing operations	**(2,268)**	**(661)**
Net cash used in investing activities — discontinued operations	**(121)**	**(64)**

Net cash used in investing activities for continuing operations in 2025 was $2,268 million compared to $661 million in 2024, an increase of $1,607 million. In 2025, we received significantly less proceeds from sales of marketable securities and other short-term investments than in 2024, as we reduced the amount invested in marketable securities and other short-term investments in the previous year while also reducing the amount purchased in 2025. In the current year, we also had higher net purchases of property, plant and equipment and intangible assets compared to 2024, as well as net cash outflows from settlements of foreign currency derivatives.

The following presents purchases of property, plant and equipment and intangible assets by significant asset category:

($ in millions)	2025	2024
Construction in progress	678	571
Purchase of machinery and equipment	172	149
Purchase of land and buildings	83	28
Purchase of intangible assets	68	51
Total purchases of property, plant and equipment and intangible assets	**1,001**	**799**

Financing activities

($ in millions)	2025	2024
Net changes in debt with original maturities of 90 days or less	(85)	(15)
Increase in debt	1,083	1,914
Repayment of debt	(433)	(2,485)
Delivery of shares	99	451
Purchase of treasury stock	(1,499)	(1,247)
Dividends paid	(1,907)	(1,769)
Dividends paid to noncontrolling shareholders	(114)	(103)
Other financing activities	(22)	(69)
Net cash used in financing activities — continuing operations	**(2,878)**	**(3,323)**
Net cash provided by (used in) financing activities — discontinued operations	**1**	**(3)**

Our financing cash flow activities primarily include debt transactions (both the issuance of debt securities and borrowings directly from banks), share transactions and payments of distributions to controlling and noncontrolling shareholders.

In 2025, the net outflow for debt with maturities of 90 days or less related to various local country borrowings.

In 2025, “Increase in debt” primarily represents borrowings under the following long-term debt transactions (total cashflow amount at date of borrowings of approximately $731 million):

- CHF 350 million 0.8725% Bonds due 2032
- CHF 250 million 1.2762% Bonds, due 2036

In 2025, “Repayment of debt” includes primarily the repayment at maturity of the CHF 150 million 2.1% Bonds.

In 2025, “Purchase of treasury stock” reflects $1,328 million of cash payments to purchase 22 million of our own shares in connection with the announced share buyback programs. It also reflects $171 million paid to purchase 3 million shares on the open market during the year.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The contractual obligations presented in the table below represent our estimates of future payments under fixed contractual obligations and commitments. These amounts may differ from those reported in our Consolidated Balance Sheet at December 31, 2025. Changes in our business needs, cancellation provisions and changes in interest rates, as well as actions by third parties and other factors, may cause these estimates to change. Therefore, our actual payments in future periods may vary from those presented below. The table below summarizes certain of our cash requirements for known contractual obligations and principal and interest payments under our debt instruments and purchase obligations at December 31, 2025, and the timing thereof. For details of future operating and finance lease payments, see “Note 14 - Leases” to our Consolidated Financial Statements.

At December 31, 2025 ($ in millions)	Current	Non-current	Total
Long-term debt obligations	442	7,805	**8,247**
Interest payments related to long-term debt obligations	198	1,133	**1,331**
Purchase obligations	3,138	843	**3,981**
Total	**3,778**	**9,781**	**13,559**

In the table above, the “Long-term debt obligations” reflect the cash amounts to be repaid upon maturity of those debt obligations. The cash obligations above will differ from Long-term debt due to the impacts of fair value hedge accounting adjustments and premiums or discounts on certain debt.

We have determined the interest payments related to long-term debt obligations by reference to the payments due under the terms of our debt obligations at the time such obligations were incurred. However, we use interest rate swaps to modify the interest characteristics of certain of our debt obligations. The net effect of these swaps may increase or decrease the actual amount of our cash interest payment obligations, which may differ from those stated in the above table. For further details on our debt obligations and the related hedges, see "Note 13 - Debt" to our Consolidated Financial Statements.

Purchase obligations are defined as agreements to purchase goods and services that are enforceable and legally binding and that specify all significant terms, including the quantities to be purchased, price provisions and the approximate timing of the transactions. Purchase obligations include procurement contracts for raw materials, sub-contracted work, supplies and services. Purchase obligations include amounts recorded as well as amounts that are not recorded in the Consolidated Balance Sheet.

OFF-BALANCE SHEET ARRANGEMENTS

Commercial commitments

We disclose the maximum potential exposure of certain guarantees, as well as possible recourse provisions that may allow us to recover from third parties amounts paid out under such guarantees. The maximum potential exposure does not allow any discounting of our assessment of actual exposure under the guarantees. The information below reflects our maximum potential exposure under the guarantees, which is higher than our assessment of the expected exposure.

Guarantees

The following table provides quantitative data regarding our third-party guarantees. The maximum potential payments represent a worst-case scenario and do not reflect our expected outcomes.

	Maximum potential payments[1]	
December 31, ($ in millions)	**2025**	**2024**
Performance guarantees	1,926	2,299
Financial guarantees	18	22
Total	**1,944**	**2,321**

(1) Maximum potential payments include amounts in both continuing and discontinued operations.

The carrying amount of liabilities recorded in the Consolidated Balance Sheets reflects our best estimate of future payments, which we may incur as part of fulfilling our guarantee obligations. In respect of the above guarantees, the carrying amounts of liabilities at December 31, 2025 and 2024, were not significant.

In addition, in the normal course of bidding for and executing certain projects, we have entered into standby letters of credit, bid/performance bonds and surety bonds (collectively "performance bonds") with various financial institutions. Customers can draw on such performance bonds in the event that we do not fulfill our contractual obligations. We would then have an obligation to reimburse the financial institution for amounts paid under the performance bonds. At December 31, 2025 and 2024, the total outstanding performance bonds aggregated to $3.6 billion and $3.2 billion, respectively, of which $0.1 billion and $0.1 billion, respectively, relate to discontinued operations. There have been no significant amounts reimbursed to financial institutions under these types of arrangements in 2025 and 2024.

For additional information on our performance and financial guarantees see "Note 15 - Commitments and contingencies" to our Consolidated Financial Statements.

FINANCIAL RISK

The continuously evolving financial markets and the dynamic business environment expose us to changes in foreign exchange, interest rate and other market price risks. We have developed and implemented comprehensive policies, procedures, and controls to identify, mitigate, and monitor financial risk on a company-wide basis. To efficiently aggregate and manage financial risks that could impact our financial performance, we operate a Corporate Treasury function. Corporate Treasury provides an efficient source of liquidity, financing, risk management and other global financial services to the ABB Group companies. Our policies do not allow Corporate Treasury or ABB Group companies to perform speculative trading. Market risk management activities are focused on mitigating material financial risks resulting from our global operating and financing activities.

Corporate Treasury maintains risk management control systems to monitor foreign exchange and interest rate risks and exposures arising from our underlying business, as well as the associated hedge positions. Our policies govern how such exposures are managed. Financial risks are monitored using a number of analytical techniques including market value and sensitivity analysis. The following quantitative analyses are based on sensitivity analysis tests, which assume parallel shifts of interest rate yield curves and foreign exchange rates.

Currency fluctuations and foreign exchange risk

It is our policy to systematically identify and manage all transactional foreign exchange exposures to ensure effective risk control. With the exception of certain financing subsidiaries and to the extent certain operating subsidiaries are domiciled in high inflation environments, the functional currency of each of our companies is considered to be its local currency. Our policies require our subsidiaries to hedge contracted foreign exchange exposures, or a portion of their forecast exposures, against their local currency. These transactions are undertaken mainly with Corporate Treasury.

We have foreign exchange transaction exposures related to our global operating and financing activities in currencies other than the functional currency in which our entities operate. Specifically, we are exposed to foreign exchange risk related to future earnings, assets or liabilities denominated in foreign currencies. The most significant currency exposures relate to operations in the Eurozone area, Sweden, Switzerland and China. In addition, we are exposed to currency risk associated with translating our functional currency financial statements into our reporting currency, which is the U.S. dollar.

Our operating companies are responsible for identifying their foreign currency exposures and entering into intercompany derivative contracts with Corporate Treasury, where legally possible, to hedge their exposures. Where local laws restrict our operating companies from entering into intercompany derivatives with Corporate Treasury, derivative contracts are entered into locally with third-party financial institutions. The intercompany transactions have the effect of transferring the operating companies' currency risk to Corporate Treasury, but create no additional market risks on a consolidated basis. Corporate Treasury then manages this risk by entering into offsetting transactions with third-party financial institutions. According to our policy, material net currency exposures are required to be hedged and are primarily hedged with forward foreign exchange contracts. The majority of the foreign exchange hedge instruments have, on average, a maturity of less than twelve months. Corporate Treasury also hedges currency risks arising from monetary intercompany balances.

At December 31, 2025, the net fair value of financial instruments with exposure to foreign currency rate movements was a liability of $1,451 million. The potential loss in fair value of such financial instruments from a hypothetical 10 percent move in foreign exchange rates against our position would be approximately $769 million for December 31, 2025. The analysis reflects the aggregate adverse foreign exchange impact associated with transaction exposures, as well as translation exposures where appropriate. Our sensitivity analysis assumes a simultaneous shift in exchange rates against our positions exposed to foreign exchange risk and as such assumes an unlikely adverse case scenario. The assumption of a simultaneous shift may overstate the impact of changing rates on assets and liabilities denominated in foreign currencies. The underlying trade-related transaction exposures of our operating subsidiaries are not included in the quantitative analysis. If these underlying transaction exposures were included, they would tend to have a directionally offsetting effect on the potential loss in fair value detailed above.

Interest rate risk

We are exposed to interest rate risk due to our financing, investing, and liquidity management activities. Our operating companies primarily invest excess cash with, and receive funding from, Corporate Treasury on an arm's length basis. It is our policy that the primary third-party funding and investing activities, as well as the monitoring and management of the resulting interest rate risk, are the responsibility of Corporate Treasury. Corporate Treasury adjusts the duration of the overall funding portfolio through derivative instruments in order to better match underlying assets and liabilities, as well as minimize the cost of capital.

At December 31, 2025, the net fair value of instruments subject to interest rate risk was a liability of $3,372 million. The potential loss in fair value for such instruments from a hypothetical 100 basis points parallel shift in interest rates against our position (or a multiple of 100 basis points where 100 basis points is less than 10 percent of the interest rate) would be approximately $313 million for December 31, 2025.

Commodity risk

We enter into commodity derivatives to hedge certain of our raw material exposures. Based on exposures at December 31, 2025, the potential loss in fair value for such commodity hedging derivatives from a hypothetical adverse 10 percent move against our position in the underlying commodity prices would not be significant. A portion of our commodity derivatives are denominated in euro. The foreign exchange risk arising on such contracts has been excluded from the calculation of the potential loss in fair value from a hypothetical 10 percent move in the underlying commodity prices as discussed above.



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CONSOLIDATED FINANCIAL STATEMENTS

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ABB Ltd Consolidated Income Statements

Year ended December 31 ($ in millions, except per share data in $)	2025	2024
Sales of products	27,669	25,531
Sales of services and other	5,551	5,052
Total revenues	**33,220**	**30,583**
Cost of sales of products	(16,581)	(15,740)
Cost of services and other	(2,999)	(2,842)
Total cost of sales	**(19,580)**	**(18,582)**
Gross profit	**13,640**	**12,001**
Selling, general and administrative expenses	(6,593)	(5,980)
Non-order related research and development expenses	(1,318)	(1,268)
Other income (expense), net	318	(18)
Income from operations	**6,047**	**4,735**
Interest and dividend income	203	206
Interest and other finance expense	(86)	(74)
Non-operational pension (cost) credit	55	56
Income from continuing operations before taxes	**6,219**	**4,923**
Income tax expense	(1,570)	(1,197)
Income from continuing operations, net of tax	**4,649**	**3,726**
Income from discontinued operations, net of tax	174	226
Net income	**4,823**	**3,952**
Net income attributable to noncontrolling interests and redeemable noncontrolling interests	(89)	(17)
Net income attributable to ABB	**4,734**	**3,935**
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	4,561	3,709
Income from discontinued operations, net of tax	173	226
Net income	4,734	3,935
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.50	2.01
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.49	2.00
Income from discontinued operations, net of tax	0.09	0.12
Net income	2.59	2.13
Weighted-average number of shares outstanding (in millions) used to compute:		
Basic earnings per share attributable to ABB shareholders	1,827	1,844
Diluted earnings per share attributable to ABB shareholders	1,831	1,851

Due to rounding, numbers presented may not add to the totals provided.
See accompanying Notes to the Consolidated Financial Statements

ABB Ltd Consolidated Statements of Comprehensive Income

Year ended December 31 ($ in millions)	2025	2024
Net income	**4,823**	**3,952**
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments:		
Foreign currency translation adjustments	93	(319)
Net loss on complete or substantially complete liquidations of foreign subsidiaries	—	14
Changes attributable to divestments	(8)	9
Foreign currency translation adjustments	**85**	**(296)**
Available-for-sale securities:		
Net unrealized gains arising during the year	3	1
Reclassification adjustments for net losses included in net income	—	4
Unrealized gains on available-for-sale securities	**3**	**5**
Pension and other postretirement plans:		
Prior service costs arising during the year	(13)	(10)
Net actuarial losses arising during the year	(19)	(37)
Amortization of prior service credit included in net income	(3)	(10)
Amortization of net actuarial loss included in net income	53	47
Net (gains) losses from settlements and curtailments included in net income	—	(6)
Pension and other postretirement plan adjustments	**18**	**(16)**
Derivative instruments and hedges:		
Net unrealized losses arising during the year	(3)	(8)
Reclassification adjustments for net losses included in net income	7	10
Changes in derivative instruments and hedges	**4**	**2**
Total other comprehensive income (loss), net of tax	**110**	**(305)**
Total comprehensive income, net of tax	**4,933**	**3,647**
Total comprehensive (income) loss attributable to noncontrolling interests and redeemable noncontrolling interests, net of tax	(102)	8
Total comprehensive income attributable to ABB, net of tax	**4,831**	**3,655**

Due to rounding, numbers presented may not add to the totals provided.
See accompanying Notes to the Consolidated Financial Statements

ABB Ltd Consolidated Balance Sheets

December 31 ($ in millions, except share data)	2025	2024
Cash and equivalents	4,640	4,326
Marketable securities and short-term investments	1,981	1,334
Receivables, net	7,535	6,843
Contract assets	1,090	889
Inventories, net	5,862	5,420
Prepaid expenses	281	282
Other current assets	627	511
Current assets held for sale and in discontinued operations	3,562	1,154
Total current assets	**25,578**	**20,759**
Property, plant and equipment, net	4,692	3,986
Operating lease right-of-use assets	765	752
Investments in equity-accounted companies	349	351
Prepaid pension and other employee benefits	937	688
Intangible assets, net	1,119	999
Goodwill	9,637	8,801
Deferred taxes	1,248	1,299
Other non-current assets	560	484
Non-current assets held for sale and in discontinued operations	—	2,169
Total assets	**44,885**	**40,288**
Accounts payable, trade	5,210	4,681
Contract liabilities	3,221	2,704
Short-term debt and current maturities of long-term debt	475	292
Current operating leases	253	225
Provisions	1,477	1,462
Other current liabilities	4,677	4,375
Current liabilities held for sale and in discontinued operations	1,108	915
Total current liabilities	**16,421**	**14,654**
Long-term debt	7,829	6,648
Non-current operating leases	533	543
Pension and other employee benefits	550	541
Deferred taxes	792	651
Other non-current liabilities	2,101	2,066
Non-current liabilities held for sale and in discontinued operations	13	194
Total liabilities	**28,239**	**25,297**
Commitments and contingencies		
Stockholders' equity:		
Common stock, CHF 0.12 par value (1,844 million and 1,861 million shares issued at December 31, 2025 and 2024, respectively)	160	162
Additional paid-in capital	64	50
Retained earnings	22,606	20,648
Accumulated other comprehensive loss	(5,253)	(5,350)
Treasury stock, at cost (26 million and 22 million shares at December 31, 2025 and 2024, respectively)	(1,490)	(1,091)
Total ABB stockholders' equity	**16,087**	**14,419**
Noncontrolling interests	559	572
Total stockholders' equity	**16,646**	**14,991**
Total liabilities and stockholders' equity	**44,885**	**40,288**

Due to rounding, numbers presented may not add to the totals provided.
See accompanying Notes to the Consolidated Financial Statements

ABB Ltd Consolidated Statements of Cash Flows

Year ended December 31 ($ in millions)	2025	2024
Operating activities:		
Net income	4,823	3,952
Income from discontinued operations, net of tax	(174)	(226)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	813	761
Changes in fair values of investments	(21)	62
Pension and other employee benefits	(48)	(93)
Deferred taxes	108	1
Net gain from derivatives and foreign exchange	(311)	(47)
Net gain from sale of property, plant and equipment	(198)	(60)
Net loss (gain) from sale of businesses	3	(57)
Fair value adjustment on assets and liabilities held for sale	—	113
Other	58	155
Changes in operating assets and liabilities:		
Trade receivables, net	(222)	(147)
Contract assets and liabilities	151	247
Inventories, net	132	(133)
Accounts payable, trade	147	180
Accrued liabilities	119	(4)
Provisions, net	(8)	(41)
Income taxes payable and receivable	(53)	(123)
Other assets and liabilities, net	(69)	(98)
Net cash provided by operating activities — continuing operations	**5,250**	**4,442**
Net cash provided by operating activities — discontinued operations	**219**	**233**
Net cash provided by operating activities	**5,469**	**4,675**
Investing activities:		
Purchases of investments	(1,218)	(1,563)
Purchases of property, plant and equipment and intangible assets	(1,001)	(799)
Acquisition of businesses (net of cash acquired) and increases in cost- and equity-accounted companies	(752)	(617)
Proceeds from sales of investments	589	2,170
Proceeds from sales of property, plant and equipment	194	107
Proceeds from sales of businesses (net of transaction costs and cash disposed) and cost- and equity-accounted companies	59	(33)
Net cash from settlement of foreign currency derivatives	(129)	87
Other investing activities	(10)	(13)
Net cash used in investing activities — continuing operations	**(2,268)**	**(661)**
Net cash used in investing activities — discontinued operations	**(121)**	**(64)**
Net cash used in investing activities	**(2,389)**	**(725)**
Financing activities:		
Net changes in debt with original maturities of 90 days or less	(85)	(15)
Increase in debt	1,083	1,914
Repayment of debt	(433)	(2,485)
Delivery of shares	99	451
Purchase of treasury stock	(1,499)	(1,247)
Dividends paid	(1,907)	(1,769)
Dividends paid to noncontrolling shareholders	(114)	(103)
Other financing activities	(22)	(69)
Net cash used in financing activities — continuing operations	**(2,878)**	**(3,323)**
Net cash provided by (used in) financing activities — discontinued operations	**1**	**(3)**
Net cash used in financing activities	**(2,877)**	**(3,326)**
Effects of exchange rate changes on cash and equivalents	111	(207)
Net change in cash and equivalents	**314**	**417**
Cash and equivalents, beginning of period	4,326	3,909
Cash and equivalents, end of period	**4,640**	**4,326**
Supplementary disclosure of cash flow information:		
Interest paid	290	241
Income taxes paid	1,627	1,382

Due to rounding, numbers presented may not add to the totals provided.
See accompanying Notes to the Consolidated Financial Statements

ABB Ltd Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2025 and 2024 ($ in millions)	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total ABB stockholders' equity	Non-controlling interests	Total stockholders' equity
Balance at January 1, 2024	**163**	**7**	**19,655**	**(5,070)**	**(1,414)**	**13,341**	**647**	**13,988**
Net income[1]			3,935			**3,935**	19	**3,954**
Foreign currency translation adjustments, net of tax				(271)		**(271)**	(25)	**(296)**
Effect of change in fair value of available-for-sale securities, net of tax				5		**5**		**5**
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax				(16)		**(16)**		**(16)**
Change in derivative instruments and hedges, net of tax				2		**2**		**2**
Changes in noncontrolling interests		(10)	(62)			**(72)**	30	**(42)**
Dividends to noncontrolling shareholders						**—**	(104)	**(104)**
Dividends to shareholders			(1,804)			**(1,804)**		**(1,804)**
Cancellation of treasury shares	(2)	(2)	(828)		832	**—**		**—**
Share-based payment arrangements		97				**97**	5	**102**
Purchase of treasury stock					(1,251)	**(1,251)**		**(1,251)**
Delivery of shares		(40)	(249)		740	**451**		**451**
Other		(1)				**(1)**		**(1)**
Balance at December 31, 2024	**162**	**50**	**20,648**	**(5,350)**	**(1,091)**	**14,419**	**572**	**14,991**
Net income			4,734			**4,734**	89	**4,823**
Foreign currency translation adjustments, net of tax				72		**72**	13	**85**
Effect of change in fair value of available-for-sale securities, net of tax				3		**3**		**3**
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax				18		**18**		**18**
Change in derivative instruments and hedges, net of tax				4		**4**		**4**
Changes in noncontrolling interests						**—**	(3)	**(3)**
Dividends to noncontrolling shareholders						**—**	(114)	**(114)**
Dividends to shareholders			(1,867)			**(1,867)**		**(1,867)**
Cancellation of treasury shares	(2)	(61)	(831)		894	**—**		**—**
Share-based payment arrangements		89				**89**	4	**93**
Purchase of treasury stock					(1,485)	**(1,485)**		**(1,485)**
Delivery of shares		(15)	(77)		191	**99**		**99**
Balance at December 31, 2025	**160**	**64**	**22,606**	**(5,253)**	**(1,490)**	**16,087**	**559**	**16,646**

(1) Amount attributable to noncontrolling interests for the year ended December 31, 2024, excludes a net loss of $2 million, related to redeemable noncontrolling interests.

Due to rounding, numbers presented may not add to the totals provided.
See accompanying Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Note 1
The Company

ABB Ltd and its subsidiaries (collectively, the Company) together form 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.

Note 2
Significant accounting policies

The following is a summary of significant accounting policies followed in the preparation of these Consolidated Financial Statements.

Basis of presentation

The Consolidated Financial Statements are prepared in accordance with United States of America (United States or U.S.) generally accepted accounting principles (U.S. GAAP) and are presented in United States dollars ($ or USD) unless otherwise stated. Due to rounding, numbers presented may not add to the totals provided. The par value of common stock is denominated in Swiss francs.

Discontinued operations

In October 2025, the Company entered into an agreement to divest its Robotics division to SoftBank Group Corp. The divestment is expected to be completed in the second half of 2026, subject to regulatory approvals and customary closing conditions. As this divestment represents a strategic shift that will have a major effect on the Company's operations and financial results, the results of operations for this business have been presented as discontinued operations for all years presented. See Note 3 for details. Financial information and disclosures for prior periods have been retroactively recast to give effect to the discontinued operations presentation. Unless otherwise indicated, all amounts and disclosures in the notes to the Consolidated Financial Statements relate to the continuing operations of the Company.

Change in accounting policy

Effective January 1, 2025, the Company changed its accounting policy related to the functional classification of information system expenses in the income statement. Previously, the Company allocated information system expenses in the income statement to the functional area based on a headcount approach while, in connection with this change, information systems expenses are allocated to the relevant income statement caption based on the nature of the underlying system.

The Company's Consolidated Financial Statements have been retroactively restated to reflect this accounting policy change. In connection with this change, the Company recorded a cumulative-effect reduction of $69 million to the balance of Retained earnings, representing the impact of the policy change on Inventories and the related deferred tax balance. The effect on Net income for 2024 was not considered significant and therefore no changes have been recorded.

The following tables detail the reclassification of information systems expenses within the 2024 Consolidated Income Statement and Consolidated Balance Sheet at December 31, 2024:

($ in millions)	2024
Consolidated Income Statement:	
Cost of sales of products	(385)
Cost of services and other	(86)
Selling, general and administrative expenses	537
Non-order related research and development expenses	(66)

($ in millions)	December 31, 2024
Consolidated Balance Sheet:	
Inventories	(82)
Current assets held for sale and in discontinued operations	(9)
Deferred taxes (asset)	22
Retained earnings	(69)

Reclassifications and presentation changes

In 2025, the Company split the amount previously reported in Provision for warranties into current and non-current components and retroactively recast the amounts for all periods presented. The balance at December 31, 2024, which was previously recorded on a combined basis, of $1,248 million has been reclassified into Provisions ($651 million), Other non-current liabilities ($551 million) and in Liabilities held for sale and in discontinued operations, current ($35 million) and non-current ($11 million). See Note 15 for additional information. In addition, in 2025, the Company reorganized its operating segments and reclassified the prior period to conform to the current year's presentation. See Note 23 for details.

Scope of consolidation

The Consolidated Financial Statements include the accounts of ABB Ltd and companies which are directly or indirectly controlled by ABB Ltd. Additionally, the Company consolidates variable interest entities if it has determined that it is the primary beneficiary. Intercompany accounts and transactions are eliminated. Investments in joint ventures and affiliated companies in which the Company has the ability to exercise significant influence over operating and financial policies (generally through direct or indirect ownership of 20 percent to 50 percent of the voting rights and/or board of director representation) are recorded in the Consolidated Financial Statements using the equity method of accounting.

Translation of foreign currencies and foreign exchange transactions

The functional currency for most of the Company's subsidiaries is the applicable local currency. The translation from the applicable functional currencies into the Company's reporting currency is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for income statement accounts using average exchange rates prevailing during the year. The resulting translation adjustments are excluded from the determination of earnings and are recognized in Accumulated other comprehensive loss until the subsidiary is sold, substantially liquidated or evaluated for impairment in anticipation of disposal.

Foreign currency exchange gains and losses, such as those resulting from foreign currency denominated receivables or payables, are included in the determination of earnings, except as they relate to intercompany loans that are equity-like in nature with no reasonable expectation of repayment, which are recognized in Accumulated other comprehensive loss. Exchange gains and losses are recognized in earnings and classified in the line item consistent with the underlying transaction or item.

Discontinued operations

The Company reports a disposal, or planned disposal, of a component or a group of components as a discontinued operation if the disposal represents a strategic shift that has or will have a major effect on the Company's operations and financial results. A strategic shift could include a disposal of a major geographical area, a major line of business or other major parts of the Company. A component may be a reportable segment or an operating segment, a reporting unit, a subsidiary, or an asset group.

The assets and liabilities of a component reported as a discontinued operation are presented separately as held for sale and in discontinued operations in the Company's Consolidated Balance Sheets.

Interest expense that is not directly attributable to or related to the Company's continuing business or discontinued business is allocated to discontinued operations based on the ratio of net assets to be sold less debt that is required to be paid as a result of the planned disposal transaction to the sum of total net assets of the Company plus consolidated debt. General corporate overhead is not allocated to discontinued operations.

Operating cycle

For classification of certain current assets and liabilities, the Company has elected to use the duration of individual contracts as its operating cycle. Accordingly, there are contract assets and liabilities, accounts receivable, inventories and provisions related to these contracts which will not be realized within one year that have been classified as current. Long-term system integration activities comprise the majority of the Company's activities which have an operating cycle in excess of one year that have been classified as current.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make assumptions and estimates that directly affect the amounts reported in the Consolidated Financial Statements and the accompanying Notes. These accounting assumptions and estimates include:

- estimates to determine valuation allowances for deferred tax assets and amounts recorded for unrecognized tax benefits,
- estimates related to credit losses expected to occur over the remaining life of financial assets such as trade and other receivables, loans and other instruments,
- estimates of loss contingencies associated with litigation or threatened litigation and other claims and inquiries, environmental damages, product warranties, self-insurance reserves, regulatory and other proceedings,
- assumptions and projections, principally related to future material, labor and project-related overhead costs, used in determining the percentage-of-completion on projects where revenue is recognized over time, as well as the amount of variable consideration the Company expects to be entitled to,
- assumptions used in the calculation of pension and postretirement benefits and the fair value of pension plan assets,
- estimates used to record expected costs for employee severance in connection with restructuring programs,
- assumptions used in determining inventory obsolescence and net realizable value,
- growth rates, discount rates and other assumptions used to determine impairment of long-lived assets and in testing goodwill for impairment, and

- estimates and assumptions used in determining the fair values of assets and liabilities assumed in business combinations.

The actual results and outcomes may differ from the Company's estimates and assumptions.

Cash and equivalents

Cash and equivalents include highly liquid investments with maturities of three months or less at the date of acquisition.

Currency and other local regulatory limitations related to the transfer of funds exist in a number of countries where the Company operates. Funds, other than regular dividends, fees or loan repayments, cannot be readily transferred abroad from these countries and are therefore deposited and used for working capital needs locally. These funds are included in cash and equivalents as they are not considered restricted.

Cash and equivalents that are subject to contractual restrictions or other legal obligations and are not readily available are classified as Restricted cash.

Marketable securities and short-term investments

Management determines the appropriate classification of held-to-maturity and available-for-sale debt securities at the time of purchase. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity debt securities are carried at amortized cost, adjusted for accretion of discounts or amortization of premiums to maturity computed under the effective interest method. Such accretion or amortization is included in Interest and dividend income. Marketable debt securities not classified as held-to-maturity are classified as available-for-sale and reported at fair value.

Unrealized gains and losses on available-for-sale debt securities are excluded from the determination of earnings and are instead recognized in the Accumulated other comprehensive loss component of stockholders' equity, net of tax, until realized. Realized gains and losses on available-for-sale debt securities are computed based upon the historical cost of these securities, using the specific identification method.

Marketable debt securities are classified as either Cash and equivalents or Marketable securities and short-term investments according to their maturity at the time of acquisition.

Marketable equity securities are generally classified as Marketable securities and short-term investments; however, any marketable securities held as a long-term investment rather than as an investment of excess liquidity are classified as Other non-current assets. Marketable equity securities are measured at fair value with fair value changes reported in net income. Fair value changes for marketable equity securities are generally reported in Interest and other finance expense; however, fair value changes for certain marketable equity securities classified as long-term investments are reported in Other income (expense).

For debt securities classified as available-for-sale where fair value has declined below amortized cost due to credit losses, the Company records an allowance for expected credit losses and adjusts the allowance in subsequent periods in Interest and other finance expense. All fair value changes other than those related to credit risk are reported in Accumulated other comprehensive loss until the security is sold.

In addition, equity securities without readily determinable fair values are remeasured if there is an observable price change in an orderly transaction for the same investment, or if a qualitative assessment indicates that the investment is impaired and the fair value of the investment is less than its carrying amount. Similar to other fair value changes as described above, depending on the nature of the investment, this fair value change is either recorded in Other income (expense) or Interest and other finance expense.

Accounts receivable and allowance for expected credit losses

Accounts receivable are recorded at the invoiced amount. The Company has a group-wide policy on the management of credit risk. The policy includes a credit assessment methodology to assess the creditworthiness of customers and assign to those customers a risk category. Third-party agencies' ratings are considered, if available. For customers where agency ratings are not available, the customer's most recent financial statements, payment history and other relevant information are considered in the assignment to a risk category. Customers are assessed at least annually or more frequently when information on significant changes in the customer's financial position becomes known. In addition to the assignment to a risk category, a credit limit per customer is set.

The Company recognizes an allowance for credit losses to present the net amount of receivables expected to be collected at the balance sheet date. The allowance is based on the credit losses expected to arise over the asset's contractual term taking into account historical loss experience and customer-specific data, as well as forward looking estimates prepared under the assumption that current conditions as of the balance sheet date do not change for the remaining life of the asset. The Company's accounts receivable are first grouped by the individual legal entity which generally has a geographic concentration of receivables, resulting in different risk levels for different entities. Receivables are then further subdivided within the entity into pools based on similar risk characteristics to estimate expected credit losses. Expected credit losses are estimated individually when the related assets do not share similar risk characteristics.

Accounts receivable are written off when deemed uncollectible and are recognized as a deduction from the allowance for credit losses. Expected recoveries, which are not to exceed the amount previously written off, are considered in determining the allowance balance at the balance sheet date.

The Company, in its normal course of business, transfers receivables to third parties, generally without recourse. The transfer is accounted for as a sale when the Company has surrendered control over the receivables. Control is deemed to have been surrendered when (i) the transferred receivables have been put presumptively beyond the reach of the Company and its creditors, even in bankruptcy or other receivership, (ii) the third-party transferees have the right to pledge or exchange the transferred receivables, and (iii) the Company has relinquished effective control over the transferred receivables and does not retain the ability or obligation to repurchase or redeem the transferred receivables. At the time of sale, the sold receivables are removed from the Consolidated Balance Sheets and the related cash inflows are classified as operating activities in the Consolidated Statements of Cash Flows. Transfers of receivables that do not meet the requirements for treatment as sales are accounted for as secured borrowings and the related cash flows are classified as financing activities in the Consolidated Statements of Cash Flows.

Concentrations of credit risk

The Company sells a broad range of products, systems, services and software to a wide range of industrial, commercial and utility customers as well as various government agencies and quasi-governmental agencies throughout the world. Concentrations of credit risk with respect to accounts receivable are limited, as the Company's customer base is comprised of a large number of individual customers. Ongoing credit evaluations of customers' financial positions are performed to determine whether the use of credit support instruments such as guarantees, letters of credit or credit insurance are necessary; collateral is not generally required. The Company maintains an allowance for credit losses as discussed above in "Accounts receivable and allowance for expected credit losses".

It is the Company's policy to invest cash in deposits with banks throughout the world with certain minimum credit ratings and in high-quality, low-risk, liquid investments. The Company actively manages its credit risk by routinely reviewing the creditworthiness of the banks and the investments held. The Company has not incurred significant credit losses related to such investments.

The Company's exposure to credit risk on derivative financial instruments is the risk that the counterparty will fail to meet its obligations. To reduce this risk, the Company has credit policies that require the establishment and periodic review of credit limits for individual counterparties. In addition, the Company has entered into close-out netting agreements with most derivative counterparties. Close-out netting agreements provide for the termination, valuation and net settlement of some or all outstanding transactions between two counterparties on the occurrence of one or more pre-defined trigger events. Derivative instruments are presented on a gross basis in the Consolidated Financial Statements.

Revenue recognition

A customer contract exists if collectability under the contract is considered probable, the contract has commercial substance, contains payment terms, as well as the rights and commitments of both parties, and is legally enforceable.

The Company offers arrangements with multiple performance obligations to meet its customers' needs. These arrangements may involve the delivery of multiple products and/or performance of services (such as installation and training) and the delivery and/or performance may occur at different points in time or over different periods of time. Goods and services under such arrangements are evaluated to determine whether they form distinct performance obligations and should be accounted for as separate revenue transactions. The Company allocates the sales price to each distinct performance obligation based on the relative fair value of each item sold in separate transactions at the inception of the arrangement.

The Company generally recognizes revenues for the sale of non-customized products including circuit breakers, modular substation packages, control products, motors, generators, drives, robots, measurement and analytical instrumentation, and other goods which are manufactured on a standardized basis at a point in time. Revenues are recognized at the point in time that the customer obtains control of the goods, which is when it has taken title to the products and assumed the risks and rewards of ownership of the products specified in the purchase order or sales agreement. Generally, the transfer of title and risks and rewards of ownership are governed by the contractually defined shipping terms. The Company uses various International Commercial Terms (as promulgated by the International Chamber of Commerce) in its sales of products to third-party customers, such as Ex Works (EXW), Free Carrier (FCA) and Delivered Duty Paid (DDP).

Billing terms for these point in time contracts vary but generally coincide with delivery to the customer. Payment is generally due upon receipt of the invoice, primarily payable within 90 days or less.

The Company generally recognizes revenues for the sale of customized products, including integrated automation and electrification systems and solutions, on an over time basis using the percentage-of-completion method of accounting. These systems are generally accounted for as a single performance obligation as the Company is required to integrate equipment and services into one deliverable for the customer. Revenues are recognized as the systems are customized during the manufacturing or integration process and as control is transferred to the customer as evidenced by the Company's right to payment for work performed or by the customer's ownership of the work in process. The Company principally uses the cost-to-cost method to measure progress towards completion on contracts. Under this method, progress of contracts is measured by actual costs incurred in relation to the Company's best estimate of total costs based on the Company's history of manufacturing or constructing similar assets for customers. Estimated costs are reviewed and updated routinely for contracts in progress to reflect changes in quantity or pricing of the inputs. The cumulative effect of any change in estimate is recorded in the period when the change in estimate is determined. Contract costs include all direct materials, labor and subcontract costs and indirect costs related to contract performance, such as indirect labor, supplies, tools and depreciation costs.

The nature of the Company's contracts for the sale of customized products gives rise to several types of variable consideration, including claims, unpriced change orders, liquidated damages and penalties. These amounts are estimated based upon the most likely amount of consideration to which the customer or the Company will be entitled. The estimated amounts are included in the sales price to the extent it is probable that a significant reversal of cumulative revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. All estimates of variable consideration are reassessed periodically. Back charges to suppliers or subcontractors are recognized as a reduction of cost when it is determined that recovery of such cost is probable and the amounts can be reliably estimated.

Billing terms for these over-time contracts vary but are generally based on achieving specified milestones. The differences between the timing of revenues recognized and customer billings result in changes to contract assets and contract liabilities. Payment is generally due upon receipt of the invoice, primarily payable within 90 days or less. Contractual retention amounts billed to customers are generally due upon expiration of the contractual warranty period.

Service revenues reflect revenues earned from the Company's activities in providing services to customers primarily subsequent to the sale and delivery of a product or complete system. Such revenues consist of maintenance type contracts, repair services, equipment upgrades, field service activities that include personnel and accompanying spare parts, training, and installation and commissioning of products as a stand-alone service or as part of a service contract. The Company generally recognizes revenues from service transactions as services are performed or at the point in time that the customer obtains control of the spare parts. For long-term service contracts including monitoring and maintenance services, revenues are recognized on a straight-line basis over the term of the contract consistent with the nature, timing and extent of the services or, if the performance pattern is other than straight line, as the services are provided based on costs incurred relative to total expected costs.

In limited circumstances the Company sells extended warranties that extend the warranty coverage beyond the standard coverage offered on specific products. Revenues for these warranties are recorded over the length of the warranty period based on their stand-alone selling price.

Billing terms for service contracts vary but are generally based on the occurrence of a service event. Payment is generally due upon receipt of the invoice, primarily payable within 90 days or less.

Revenues are reported net of customer rebates, early settlement discounts, and similar incentives. Rebates are estimated based on sales terms, historical experience and trend analysis. The most common incentives relate to amounts paid or credited to customers for achieving defined volume levels.

Taxes assessed by a governmental authority that are directly imposed on revenue-producing transactions between the Company and its customers, such as sales, use, value added and some excise taxes, are excluded from revenues.

The Company does not adjust the contract price for the effects of a financing component if the Company expects, at contract inception, that the time between control transfer and cash receipt is less than 12 months.

Sales commissions are expensed immediately when the amortization period for the costs to obtain the contract is less than a year.

Contract loss provisions

Losses on contracts are recognized in the period when they are identified and are based upon the anticipated excess of contract costs over the related contract revenues.

Shipping and handling costs

Shipping and handling costs are recorded as a component of cost of sales.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method, the weighted-average cost method, or the specific identification method. Inventoried costs are stated at acquisition cost or actual production cost, including direct material and labor and applicable manufacturing overheads. Adjustments to reduce the cost of inventory to its net realizable value are made, if required, for decreases in sales prices, obsolescence or similar reductions in value.

Impairment of long-lived assets

Long-lived assets that are held and used are evaluated for impairment for each of the Company's asset groups when events or circumstances indicate that the carrying amount of the long-lived asset or asset group may not be recoverable. If the asset group's net carrying value exceeds the asset group's net undiscounted cash flows expected to be generated over its remaining useful life including net proceeds expected from disposition of the asset group, if any, the carrying amount of the asset group is reduced to its estimated fair value. The estimated fair value is determined using a market, income and/or cost approach.

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and is depreciated using the straight-line method. The estimated useful lives of the assets are generally as follows:

- factories and office buildings: 30 to 40 years,
- other facilities: 15 years,
- machinery and equipment: 3 to 15 years,
- furniture and office equipment: 3 to 8 years, and
- leasehold improvements are depreciated over their estimated useful life or, for operating leases, over the lease term, if shorter.

Goodwill and intangible assets

Goodwill is reviewed for impairment annually as of October 1, or more frequently if events or circumstances indicate that the carrying value may not be recoverable.

Goodwill is evaluated for impairment at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment. For the annual impairment reviews performed in 2025, the reporting units were determined to be one level below the operating segments.

When evaluating goodwill for impairment, the Company uses either a qualitative or quantitative assessment method for each reporting unit. The qualitative assessment involves determining, based on an evaluation of qualitative factors, if it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, based on this qualitative assessment, it is determined to be more likely than not that the reporting unit's fair value is less than its carrying value, a quantitative impairment test is performed, otherwise no further analysis is required. If the Company elects not to perform the qualitative assessment for a reporting unit, then a quantitative impairment test is performed.

When performing a quantitative impairment test, the Company generally calculates the fair value of a reporting unit using an income approach based on the present value of future cash flows, applying a discount rate that represents the reporting unit's weighted-average cost of capital, and compares it to the reporting unit's carrying value. If the carrying value of the net assets of a reporting unit exceeds the fair value of the reporting unit then the Company records an impairment charge equal to the difference, provided that the loss recognized does not exceed the total amount of goodwill allocated to that reporting unit.

The cost of acquired intangible assets with a finite life is amortized using a method of amortization that reflects the pattern of the intangible assets' expected contributions to future cash flows. If that pattern cannot be reliably determined, the straight-line method is used. The amortization periods range from 3 to 5 years for software and from 5 to 20 years for customer-, technology- and marketing-related intangibles. Intangible assets with a finite life are tested for impairment upon the occurrence of certain triggering events.

Derivative financial instruments and hedging activities

The Company uses derivative financial instruments to manage currency, commodity, interest rate and equity exposures, arising from its global operating, financing and investing activities (see Note 6).

The Company recognizes all derivatives, other than certain derivatives indexed to the Company's own stock, at fair value in the Consolidated Balance Sheets. Derivatives that are not designated as hedging instruments are reported at fair value with derivative gains and losses reported through earnings and classified consistent with the nature of the underlying transaction.

If the derivatives are designated as a hedge, depending on the nature of the hedge, changes in the fair value of the derivatives will either be offset against the change in fair value of the hedged item attributable to the risk being hedged through earnings (in the case of a fair value hedge) or recognized in Accumulated other comprehensive loss until the hedged item is recognized in earnings (in the case of a cash flow hedge or hedge of a net investment in a foreign subsidiary). Where derivative financial instruments have been designated as cash flow hedges of forecasted transactions and such forecasted transactions are no longer probable of occurring, hedge accounting is discontinued and any derivative gain or loss previously included in Accumulated other comprehensive loss is reclassified into earnings consistent with the nature of the original forecasted transaction. For derivative financial instruments that are designated and qualify as a net investment hedge, the gain or loss will be subsequently reclassified into earnings when the hedged net investment is either sold or substantially liquidated. Gains or losses from derivatives designated as hedging instruments in a fair value hedge are reported through earnings and classified consistent with the nature of the underlying hedged transaction.

Certain commercial contracts may grant rights to the Company or the counterparties, or contain other provisions that are considered to be derivatives. Such embedded derivatives are assessed at inception of the contract and depending on their characteristics, accounted for as separate derivative instruments and shown at their fair value in the Consolidated Balance Sheets with changes in their fair value reported in earnings consistent with the nature of the commercial contract to which they relate.

Derivatives are classified in the Consolidated Statements of Cash Flows in the same section as the underlying item. Cash flows from the settlement of undesignated derivatives used to manage the risks of different underlying items on a net basis are classified within Net cash provided by operating activities, as the underlying items are primarily operational in nature. Other cash flows on the settlement of derivatives are recorded within Net cash provided by (used in) investing activities.

Leases

The Company leases primarily real estate, vehicles, machinery and equipment.

The Company evaluates if a contract contains a lease at inception of the contract. A contract is or contains a lease if it conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. To determine this, the Company assesses whether, throughout the period of use, it has both the right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset. Leases are classified as either finance or operating, with the classification determining the pattern of expense recognition in the Consolidated Income Statements. Lease expense for operating leases is recorded on a straight-line basis over the lease term. Lease expense for finance leases is separated between amortization of right-of-use assets and lease interest expense.

In many cases, the Company's leases include one or more options to renew, with renewal terms that can extend up to 5 years. The exercise of lease renewal options is at the Company's discretion. Renewal periods are included in the expected lease term if they are reasonably certain of being exercised by the Company. Certain leases also include options to purchase the leased property. None of the Company's lease agreements contain material residual value guarantees or material restrictions or covenants.

Long-term leases (leases with terms greater than 12 months) are recorded in the Consolidated Balance Sheets at the commencement date of the lease based on the present value of the minimum lease payments. The present value of the lease payments is determined by using the interest rate implicit in the lease if available. As most of the Company's leases do not provide an implicit rate, the Company's incremental borrowing rate is used for most leases and is determined for portfolios of leases based on the remaining lease term, currency of the lease, and the internal credit rating of the subsidiary which entered into the lease.

Short-term leases (leases with an initial lease term of 12 months or less and where it is reasonably certain that the identified asset will not be leased for a term greater than 12 months) are not recorded in the Consolidated Balance Sheets and are expensed on a straight-line basis over the lease term.

Assets under operating lease are included in Operating lease right-of-use assets. Operating lease liabilities are reported both as current and non-current operating lease liabilities. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease.

Assets under finance lease are included in Property, plant and equipment, while finance lease liabilities are included in Long-term debt (including Current maturities of long-term debt as applicable).

Lease and non-lease components for leases other than real estate are not accounted for separately.

Income taxes

The Company uses the asset and liability method to account for deferred taxes. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The Company records a deferred tax asset when it determines that it is more likely than not that the deduction will be sustained based upon the deduction's technical merit. Deferred tax assets and liabilities that can be offset against each other are reported on a net basis. A valuation allowance is recorded to reduce deferred tax assets to the amount that is more likely than not to be realized.

Deferred taxes are provided on unredeemed retained earnings of the Company's subsidiaries. However, deferred taxes are not provided on such unredeemed retained earnings to the extent it is expected that the earnings are permanently reinvested. Such earnings may become taxable upon the sale or liquidation of these subsidiaries or upon the remittance of dividends.

The Company operates in numerous tax jurisdictions and, as a result, is regularly subject to audit by tax authorities. The Company provides for tax contingencies whenever it is deemed more likely than not that a tax asset has been impaired or a tax liability has been incurred. Contingency provisions are recorded based on the technical merits of the Company's filing position, considering the applicable tax laws and Organisation for Economic Co-operation and Development (OECD) guidelines and are based on its evaluations of the facts and circumstances as of the end of each reporting period.

The Company applies a two-step approach to recognize and measure uncertainty in income taxes. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50 percent likely of being realized upon ultimate settlement. Uncertain tax positions that could be settled against existing loss carryforwards or income tax credits are reported net.

Expenses related to tax penalties are classified in the Consolidated Income Statements as Income tax expense while interest thereon is classified as Interest and other finance expense. Current income tax relating to certain items is recognized directly in Accumulated other comprehensive loss and not in earnings. In general, the Company applies the individual items approach when releasing income tax effects from Accumulated other comprehensive loss.

Research and development

Research and development costs not related to specific customer orders are generally expensed as incurred.

Earnings per share

Basic earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise outstanding written call options, outstanding options and shares granted subject to certain conditions under the Company's share-based payment arrangements. See further discussion related to earnings per share in Note 21 and of potentially dilutive securities in Note 19.

Fair value measures

The Company uses fair value measurement principles to record certain financial assets and liabilities on a recurring basis and, when necessary, to record certain non-financial assets at fair value on a non-recurring basis, as well as to determine fair value disclosures for certain financial instruments carried at amortized cost in the financial statements. Financial assets and liabilities recorded at fair value on a recurring basis include foreign currency, commodity and interest rate derivatives, as well as available-for-sale securities. Non-financial assets recorded at fair value on a non-recurring basis include long-lived assets that are reduced to their estimated fair value due to impairments.

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various valuation techniques including the market approach (using observable market data for identical or similar assets and liabilities), the income approach (discounted cash flow method) and the cost approach (using costs a market participant would incur to develop a comparable asset). Inputs used to determine the fair value of assets and liabilities are defined by a three-level hierarchy, depending on the nature of those inputs. The Company has categorized its financial assets and liabilities and non-financial assets measured at fair value within this hierarchy based on whether the inputs to the valuation technique are observable or unobservable. An observable input is based on market data obtained from independent sources, while an unobservable input reflects the Company's assumptions about market data.

The levels of the fair value hierarchy are as follows:

Level 1: Valuation inputs consist of quoted prices in an active market for identical assets or liabilities (observable quoted prices). Assets and liabilities valued using Level 1 inputs include exchange-traded equity securities, listed derivatives which are actively traded such as commodity futures, interest rate futures and certain actively traded debt securities.

Level 2: Valuation inputs consist of observable inputs (other than Level 1 inputs) such as actively quoted prices for similar assets, quoted prices in inactive markets and inputs other than quoted prices such as interest rate yield curves, credit spreads, or inputs derived from other observable data by interpolation, correlation, regression or other means. The adjustments applied to quoted prices or the inputs used in valuation models may be both observable and unobservable. In these cases, the fair value measurement is classified as Level 2 unless the unobservable portion of the adjustment or the unobservable input to the valuation model is significant, in which case the fair value measurement would be classified as Level 3. Assets and liabilities valued or disclosed using Level 2 inputs include investments in certain funds, certain debt securities that are not actively traded, interest rate swaps, cross-currency interest rate swaps, commodity swaps, forward foreign exchange contracts, foreign exchange swaps and forward rate agreements, time deposits, as well as financing receivables and debt.

Level 3: Valuation inputs are based on the Company's assumptions which require significant judgement or estimation (unobservable input). Assets valued or disclosed using Level 3 inputs include insurance contracts and certain private equity investments.

Investments in private equity, real estate and collective funds held within the Company's pension plans are generally valued using the net asset value (NAV) per share as a practical expedient for fair value, provided certain criteria are met. The NAVs are determined based on the fair values of the underlying investments in the funds. These assets are not classified in the fair value hierarchy but are separately disclosed.

Whenever quoted prices involve bid-ask spreads, the Company ordinarily determines fair values based on mid-market quotes.

When determining fair values based on quoted prices in an active market, the Company considers if the level of transaction activity for the financial instrument has significantly decreased, or would not be considered orderly. In such cases, the resulting changes in valuation techniques would be disclosed. If the market is considered disorderly or if quoted prices are not available, the Company is required to use another valuation technique, such as an income approach.

Disclosures about the Company's fair value measurements of assets and liabilities are included in Note 7.

Contingencies

The Company is subject to proceedings, litigation or threatened litigation and other claims and inquiries, related to environmental, labor, product, regulatory, tax (other than income tax) and other matters, and is required to assess the likelihood of any adverse judgments or outcomes to these matters, as well as potential ranges of probable losses. A determination of the provision required, if any, for these contingencies is made after analysis of each individual issue, often with assistance from both internal and external legal counsel and technical experts. The required amount of a provision for a contingency of any type may change in the future due to new developments in the particular matter, including changes in the approach to its resolution.

The Company records a provision for its contingent obligations when it is probable that a loss will be incurred and the amount can be reasonably estimated. Any such provision is generally recognized on an undiscounted basis using the Company's best estimate of the amount of loss incurred or at the lower end of an estimated range when a single best estimate is not determinable. In some cases, the Company may be able to recover a portion of the costs relating to these obligations from insurers or other third parties; however, the Company records such amounts only when it is probable that they will be collected.

The Company generally provides for anticipated costs for warranties when it delivers the related products. Warranty costs include calculated costs arising from imperfections in design, material and workmanship in the Company's products. The Company makes individual assessments on contracts with risks resulting from order-specific conditions or guarantees and assessments on an overall, statistical basis for similar products sold in larger quantities.

The Company may have legal obligations to perform environmental clean-up activities related to land and buildings as a result of the normal operations of its business. In some cases, the timing or the method of settlement, or both, are conditional upon a future event that may or may not be within the control of the Company, but the underlying obligation itself is unconditional and certain. The Company recognizes a provision for these obligations when it is probable that a liability for the clean-up activity has been incurred and a reasonable estimate of its fair value can be made. In some cases, a portion of the costs expected to be incurred to settle these matters may be recoverable. An asset is recorded when it is probable that such amounts are recoverable. Provisions for environmental obligations are not discounted to their present value when the timing of payments cannot be reasonably estimated.

Pensions and other postretirement benefits

The Company has a number of defined benefit pension plans, defined contribution pension plans and termination indemnity plans. For plans accounted for as a defined benefit pension plan, the Company recognizes an asset for such a plan's overfunded status or a liability for such a plan's underfunded status in its Consolidated Balance Sheets. Additionally, the Company measures such a plan's assets and obligations that determine its funded status as of the end of the year and recognizes the changes in the funded status in the year in which the changes occur. Those changes are reported in Accumulated other comprehensive loss.

The Company uses actuarial valuations to determine its pension and postretirement benefit costs and credits. The amounts calculated depend on a variety of key assumptions, including discount rates and expected return on plan assets. Current market conditions are considered in selecting these assumptions.

The Company's various pension plan assets are assigned to their respective levels in the fair value hierarchy in accordance with the valuation principles described in the "Fair value measures" section above.

See Note 18 for further discussion of the Company's employee benefit plans.

Business combinations

The Company accounts for assets acquired and liabilities assumed in business combinations using the acquisition method and records these at their respective fair values. Contingent consideration is recorded at fair value as an element of purchase price with subsequent adjustments recognized in income. Acquired contract assets and liabilities are valued and recorded in accordance with the principles for recognizing revenues from contracts with customers as outlined in the section entitled "Revenue recognition" above.

Identifiable intangibles consist of intellectual property such as trademarks and trade names, customer relationships, patented and unpatented technology, in-process research and development, order backlog and capitalized software; these are amortized over their estimated useful lives. Such intangibles are subsequently subject to evaluation for potential impairment if events or circumstances indicate the carrying amount may not be recoverable. See “Goodwill and intangible assets” above. Acquisition-related costs are recognized separately from the acquisition and expensed as incurred. Upon gaining control of an entity in which an equity method or cost basis investment was held by the Company, the carrying value of that investment is adjusted to fair value with the related gain or loss recorded in income.

Deferred tax assets and liabilities based on temporary differences between the financial reporting and the tax base of assets and liabilities, as well as uncertain tax positions and valuation allowances on acquired deferred tax assets assumed in connection with a business combination, are initially estimated as of the acquisition date based on facts and circumstances that existed at the acquisition date. Changes in deferred taxes, uncertain tax positions and valuation allowances on acquired deferred tax assets that occur after the measurement period are recognized in income.

Estimated fair values of acquired assets and liabilities are subject to change within the measurement period (a period of up to 12 months after the acquisition date during which the acquirer may adjust the provisional acquisition amounts) with any adjustments to the preliminary estimates being recorded to goodwill.

New accounting pronouncements

Applicable for current period

Improvements to income tax disclosures

In January 2025, the Company adopted an accounting standard update which requires the Company to disclose additional information related to income taxes. Under the update, the Company is required to annually disclose by jurisdiction (i) additional disaggregated information within the tax rate reconciliation and (ii) income taxes paid. The Company applied this update retrospectively for all periods presented in the Consolidated Financial Statements (see Note 17 for details). Apart from the additional disclosure requirements, this update did not have a significant impact on the Company’s Consolidated Financial Statements.

Measurement of credit losses for accounts receivable and contract assets

In July 2025, an accounting standard update was issued which provides a practical expedient related to the estimation of expected credit losses on current accounts receivable and contract assets arising from revenues generated from contracts with customers. The Company early adopted this accounting standard update in October 2025. This update does not have a significant impact on the Company’s Consolidated Financial Statements.

Applicable for future periods

Disaggregation of income statement expenses

In November 2024, an accounting standard update was issued which requires the Company to disclose additional information for certain types of expenses, including purchases of inventory, employee compensation, depreciation, and amortization, presented in each relevant income statement expense caption (such as cost of sales, selling, general and administrative expenses).This update is effective for the Company prospectively, with retrospective adoption permitted, for annual periods beginning January 1, 2027 and interim periods beginning January 1, 2028. The Company is currently evaluating the impact of adopting this update on its Consolidated Financial Statements.

Targeted improvements to the accounting for internal-use software

In September 2025, an accounting standard update was issued related to accounting for internal-use software costs. This update modernizes the guidance for accounting for software costs, aligning the accounting model with how software is developed today, by removing all references to project stages and clarifying the threshold entities apply to begin capitalizing costs. This update is effective for the Company for annual and interim periods beginning January 1, 2028, and may be applied (i) prospectively, (ii) retrospectively, or (iii) utilizing a modified transition approach. Early adoption is permitted as of the beginning of an annual reporting period. The Company is currently evaluating the impact of adopting this update on its Consolidated Financial Statements.

Note 3
Discontinued operations

In October 2025, the Company entered into an agreement to divest its Robotics division to SoftBank Group Corp., valuing the business at approximately $5.4 billion. The business also includes certain investments and real estate properties which were previously reported within Corporate and Other. The divestment is expected to be completed in the second half of 2026, subject to the receipt of regulatory approvals and customary closing conditions, as well as the completion of certain legal entity reorganizations expected to be finalized before the sale.

As this planned divestment represents a strategic shift that will have a major effect on the Company's operations and financial results, the results of operations for this business have been presented as discontinued operations and the assets and liabilities, along with the related investments and real estate assets previously included in Corporate and Other, are reflected as held-for-sale for all periods presented.

In addition, amounts relating to stranded corporate costs have been separately disclosed as a component of Corporate and Other (see Note 23). Stranded costs represent allocated overhead and other management costs which were previously included in the measure of segment profit (Operational EBITA) for the Robotics division within the former Robotics & Discrete Automation operating segment but are not directly attributable to the discontinued operation and thus do not qualify to be recorded as part of income from discontinued operations.

Operating results of the discontinued operations are summarized as follows:

($ in millions)	2025	2024
Total revenues	2,331	2,267
Total cost of sales	(1,527)	(1,497)
Gross profit	**804**	**770**
Expenses	(510)	(439)
Income from operations	**294**	**331**
Net interest and other finance expense	(36)	(25)
Non-operational pension (cost) credit	(1)	(2)
Income from discontinued operations before taxes	**257**	**304**
Income tax expense	(83)	(78)
Income from discontinued operations, net of tax	**174**	**226**

Of the total Income from discontinued operations before taxes in the table above, $173 million and $226 million in 2025 and 2024, respectively, are attributable to the Company, while the remainder is attributable to noncontrolling interests.

Income from discontinued operations before taxes excluded stranded costs which were previously able to be allocated to the Robotics division. As a result, $123 million and $123 million in 2025 and 2024, respectively, of allocated overhead and other management costs which were previously included in the measure of segment profit for the Robotics division are now reported as part of Corporate and Other. In the table above, Net interest and other finance expense in 2025 and 2024, includes $29 million and $30 million, respectively, of interest expense which has been recorded on an allocated basis in accordance with the Company's accounting policy. In addition, as required by U.S. GAAP, subsequent to October 5, 2025, (the date of approval by the Board of Directors authorizing the sale of the Robotics division) the Company has not recorded depreciation or amortization on the property, plant and equipment and intangible assets reported as discontinued operations.

The Company also has retained obligations (primarily for environmental and taxes) related to other businesses disposed or otherwise exited that qualified as discontinued operations. Changes to these retained obligations are also included in Income from discontinued operations, net of tax.

The major components of assets and liabilities held for sale and in discontinued operations in the Company's Consolidated Balance Sheets are summarized as follows:

December 31, ($ in millions)	2025[1]	2024[1]
Receivables, net	489	571
Contract assets	217	225
Inventories, net	372	349
Property, plant and equipment, net	290	—
Operating lease right-of-use assets	84	—
Goodwill	1,847	—
Deferred taxes	123	—
Other assets	140	9
Current assets held for sale and in discontinued operations	**3,562**	**1,154**
Property, plant and equipment, net	—	190
Operating lease right-of-use assets	—	88
Goodwill	—	1,754
Deferred taxes	—	64
Other non-current assets	—	73
Non-current assets held for sale and in discontinued operations	**—**	**2,169**
Accounts payable, trade	317	367
Contract liabilities	250	264
Operating leases	87	—
Other liabilities	454	284
Current liabilities held for sale and in discontinued operations	**1,108**	**915**
Non-current operating leases	—	87
Deferred taxes	—	24
Other non-current liabilities	13	83
Non-current liabilities held for sale and in discontinued operations	**13**	**194**

(1) At December 31, 2025 and 2024, the balances reported as held for sale and in discontinued operations also include amounts pertaining to previously divested businesses and other obligations which will remain with the Company until such time as the obligations are settled or the activities are fully wound down.

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Note 4
Acquisitions, divestments and equity-accounted companies

Acquisitions of controlling interests

Acquisitions of controlling interests were as follows:

($ in millions, except number of acquired businesses)	2025	2024
Purchase price for acquisitions (net of cash acquired)[1]	723	581
Aggregate excess of purchase price over fair value of net assets acquired[2]	569	428
Number of acquired businesses	6	7

(1) Excluding changes in cost- and equity-accounted companies.
(2) Recorded as goodwill (see Note 12).

In the table above, the "Purchase price for acquisitions" and "Aggregate excess of purchase price over fair value of net assets acquired" amounts for 2025, relate primarily to the acquisitions of Sensorfact BV, the Siemens wiring accessories business in China and the power electronics business of Gamesa Electric in Spain, while in 2024, relate primarily to the acquisitions of the Födisch Group, the SEAM Group and DTN Europe B.V.

Acquisitions of controlling interests have been accounted for under the acquisition method and have been included in the Company's Consolidated Financial Statements since the date of acquisition.

On February 3, 2025, the Company acquired all of the shares of Sensorfact BV. Sensorfact BV, headquartered in Utrecht, Netherlands, offers a scalable software as a service (SaaS) solution that helps small and medium sized enterprises use AI in their operations and energy management to lower costs and increase efficiency. The cash outflows to complete the transaction amounted to $148 million (net of cash acquired). This acquisition will expand the Company's portfolio of energy management solutions that use big data and AI within its Electrification segment.

On March 3, 2025, the Company acquired, through numerous share and asset purchases, all of the assets, liabilities and business activities of the Siemens wiring accessories business in China. The Siemens wiring accessories business offering, which distributes throughout China, includes wiring accessories, smart home systems, smart door locks and further peripheral home automation products. The cash outflows to complete the transaction amounted to $386 million (net of cash acquired). This acquisition will broaden the market reach of the Company's Electrification segment and complement the segment's regional customer offering within smart buildings.

On December 1, 2025, the Company acquired, through numerous share and asset purchases, all of the assets, liabilities and business activities of the power electronics business of Gamesa Electric in Spain. Gamesa's power electronics business focuses on electrical products for power conversion, including Doubly-fed induction generator (DFIG) wind converters, industrial battery energy storage systems (BESS) and utility-scale solar power inverters. The cash outflows to complete the transaction amounted to $81 million (net of cash acquired). This acquisition will expand the existing power conversion product and service offering within the Company's Motion segment.

On October 1, 2024, the Company acquired all the shares of the Födisch Group. The Födisch Group is a worldwide provider of advanced measurement and analytical solutions for the energy and industrial sectors. The cash outflows to complete the transaction amounted to $287 million (net of cash acquired). This acquisition enhances the Automation segment offering in continuous emission monitoring systems (CEMS) and bolsters its competitiveness in technology and innovation in this segment.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to value assets acquired and liabilities assumed at the acquisition date, the purchase price allocation for acquisitions is preliminary for up to 12 months after the acquisition date and is subject to refinement as more detailed analyses are completed and additional information about the fair values of the acquired assets and liabilities becomes available.

The aggregate allocation of the purchase consideration for business acquisitions in 2025 and 2024, was as follows:

	2025		2024	
($ in millions)	**Allocated amounts**	**Weighted-average useful life**	**Allocated amounts**	**Weighted-average useful life**
Technology	82	6 years	34	6 years
Customer relationships	108	10 years	107	11 years
Other intangibles	34	8 years	11	7 years
Intangible assets	224		152	
Property, plant and equipment	19		35	
Deferred tax liabilities	(43)		(29)	
Inventories	42		36	
Other assets and liabilities, net	(88)		(41)	
Goodwill	569		428	
Total consideration (net of cash acquired)	**723**		**581**	

Divestments and equity-accounted companies

In November 2024, the Company together with the Niedax Group formed Abnex Inc. (Abnex), a new joint venture company. Under the terms of the agreement, the Company contributed its North American cable tray business to Abnex, in return for a 50 percent ownership interest in the new joint venture. The transaction was executed through the sale of its North American cable tray business, for which the Company recorded a gain of $72 million, in Other income (expense), with a separate acquisition at fair value of the 50 percent investment in Abnex, amounting to $124 million and accounted for using the equity method. The fair value of the investment was based on a discounted cash flow model considering the expected results of the future business operations of Abnex and using relevant market inputs including a risk-adjusted weighted-average cost of capital. The results of operations of the North American cable tray business are included in the Electrification operating segment for all periods presented through to the date of sale.

In September 2024, the Company and the noncontrolling shareholders of InCharge Energy Inc. (In-Charge), a subsidiary entirely within the E-mobility operating segment, came to a definitive agreement to terminate their respective put and call options by settling the contracts on a net basis. This agreement, completed in November 2024, resulted in the Company returning a portion of its shares to In-Charge, thereby reducing its direct ownership to approximately 46 percent and thus losing control. This transaction was treated similar to a business divestment and with a separate re-acquisition at fair value of the 46 percent investment (amounting to $69 million) accounted for using the equity method. The Company recorded a loss of $88 million, representing the excess of the carrying value over the estimated fair value of this business, in Other income (expense), in connection with the loss of control. The fair value adjustment on this business was determined using Level 3 inputs and based on a discounted cash flow model considering the expected future results of this business. The loss is based on the net assets of the business at the time of the deemed sale.

There were no significant business divestments in 2025.

Note 5
Cash and equivalents, marketable securities and short-term investments

Cash and equivalents, marketable securities and short-term investments consisted of the following:

December 31, 2025 ($ in millions)	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value	Cash and equivalents	Marketable securities and short-term investments
Changes in fair value recorded in net income						
Cash	1,398			**1,398**	1,398	
Time deposits	3,804			**3,804**	3,242	562
Equity securities	1,348	57		**1,405**		1,405
	6,550	**57**	**—**	**6,607**	**4,640**	**1,967**
Changes in fair value recorded in other comprehensive income						
Debt securities available-for-sale:						
—Other government obligations	14			**14**		14
	14	**—**	**—**	**14**	**—**	**14**
Total	**6,564**	**57**	**—**	**6,621**	**4,640**	**1,981**

December 31, 2024 ($ in millions)	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value	Cash and equivalents	Marketable securities and short-term investments
Changes in fair value recorded in net income						
Cash	1,328			**1,328**	1,328	
Time deposits	3,518			**3,518**	2,998	520
Equity securities	794	22	(2)	**814**		814
Total	**5,640**	**22**	**(2)**	**5,660**	**4,326**	**1,334**

Contractual maturities

At December 31, 2025, contractual maturities of debt securities were as follows:

	Available-for-sale	
($ in millions)	**Cost basis**	**Fair value**
Less than one year	14	14
Total	**14**	**14**

At December 31, 2025 and 2024, the Company pledged $20 million and $48 million, respectively, of available-for-sale marketable securities as collateral for issued letters of credit and other security arrangements.

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Note 6
Derivative financial instruments

The Company is exposed to certain currency, commodity and interest rate risks arising from its global operating, financing and investing activities. The Company uses derivative instruments to reduce and manage the economic impact of these exposures.

Currency risk

Due to the global nature of the Company's operations, many of its subsidiaries are exposed to currency risk in their operating activities from entering into transactions in currencies other than their functional currency. To manage such currency risks, the Company operates programs to hedge the foreign currency exposures from forecasted cash flows, committed orders and project-related exposures. Forward foreign exchange contracts are the main instrument used to protect the Company against the volatility of future cash flows (caused by changes in exchange rates) of contracted and forecasted sales and purchases denominated in foreign currencies. In addition, within its treasury operations, the Company primarily uses foreign exchange swaps and forward foreign exchange contracts to manage the currency and timing mismatches arising in its liquidity management activities.

The Company also has numerous investments in its foreign subsidiaries, the net assets of which are exposed to volatility in foreign currency exchange rates. Forward foreign exchange contracts are used to reduce the foreign currency exchange risk related to the Company's investment in certain foreign subsidiaries. These derivatives are designated as net investment hedges.

Commodity risk

Various commodity products are used in the Company's manufacturing activities. Consequently, it is exposed to volatility in future cash flows arising from changes in commodity prices. To manage the price risk of commodities, the Company operates programs to hedge the forecasted commodity exposure and project-related exposures. Primarily swap contracts are used to manage the associated price risks of commodities.

Interest rate risk

The Company has issued bonds at fixed rates. Interest rate swaps and cross-currency interest rate swaps are used to manage the interest rate and foreign currency risk associated with certain debt and generally such swaps are designated as fair value hedges. In addition, from time to time, the Company uses instruments such as interest rate swaps, interest rate futures, bond futures or forward rate agreements to manage interest rate risk arising from the Company's balance sheet structure but does not designate such instruments as hedges.

Volume of derivative activity

In general, while the Company's primary objective in its use of derivatives is to minimize exposures arising from its business, certain derivatives are designated and qualify for hedge accounting treatment while others either are not designated or do not qualify for hedge accounting.

Foreign exchange and interest rate derivatives

The gross notional amounts of outstanding foreign exchange and interest rate derivatives (whether designated as hedges or not) were as follows:

Type of derivative	Total notional amounts at December 31,	
($ in millions)	2025	2024
Foreign exchange contracts	14,743	12,657
Embedded foreign exchange derivatives	1,640	1,153
Cross-currency interest rate swaps	940	833
Interest rate contracts	1,644	1,510

Derivative commodity contracts

The Company uses derivatives to hedge its direct or indirect exposure to the movement in the prices of commodities which are primarily copper, silver, steel and aluminum. The following table shows the notional amounts of outstanding derivatives (whether designated as hedges or not), on a net basis, to reflect the Company's requirements for these commodities:

		Total notional amounts at December 31,	
Type of derivative	Unit	2025	2024
Copper swaps	metric tonnes	33,912	40,699
Silver swaps	ounces	2,059,055	2,648,681
Steel swaps	metric tonnes	14,198	20,185
Aluminum swaps	metric tonnes	3,850	4,525

Cash flow hedges

As noted above, the Company mainly uses forward foreign exchange contracts to manage the foreign exchange risk of its operations and commodity swaps to manage its commodity risks. The Company applies cash flow hedge accounting in only limited cases. In these cases, the effective portion of the changes in their fair value is recorded in Accumulated other comprehensive loss and subsequently reclassified into earnings in the same line item and in the same period as the underlying hedged transaction affects earnings. In 2025 and 2024, there were no significant amounts recorded for cash flow hedge accounting activities.

Net investment hedges

The Company designates the forward foreign exchange contracts used to reduce the foreign currency exchange risk related to its net investment in certain foreign subsidiaries as net investment hedges. Accordingly, the gains and losses on the derivatives are recorded in Accumulated other comprehensive loss as part of Foreign currency translation adjustments. The accumulated gains and losses associated with these instruments will remain in Accumulated other comprehensive loss until the foreign subsidiaries are sold or substantially liquidated, at which point they will be reclassified into earnings. The cash flows associated with derivatives designated as net investment hedges are recorded within investing activities in the Consolidated Statements of Cash Flows.

In 2025 and 2024, there were no significant amounts recognized in or reclassified out of Accumulated other comprehensive loss related to net investment hedges. In addition, the Company did not have any ineffectiveness related to net investment hedges in 2025 and 2024.

Fair value hedges

To reduce its interest rate exposure arising primarily from its debt issuance activities, the Company uses interest rate swaps and cross-currency interest rate swaps. Where such instruments are designated as fair value hedges, the changes in the fair value of these instruments, as well as the changes in the fair value of the risk component of the underlying debt being hedged, are recorded as offsetting gains and losses in Interest and other finance expense.

The effect of derivative instruments, designated and qualifying as fair value hedges, on the Consolidated Income Statements was as follows:

($ in millions)		2025	2024
Gains (losses) recognized in Interest and other finance expense:			
Interest rate contracts	Designated as fair value hedges	(10)	28
	Hedged item	10	(29)
Cross-currency interest rate swaps	Designated as fair value hedges	5	33
	Hedged item	(2)	(30)

Derivatives not designated in hedge relationships

Derivative instruments that are not designated as hedges or do not qualify as either cash flow, net investment or fair value hedges are economic hedges used for risk management purposes. Gains and losses from changes in the fair values of such derivatives are recognized in the same line in the income statement as the economically hedged transaction.

Furthermore, under certain circumstances, the Company is required to split and account separately for foreign currency derivatives that are embedded within certain binding sales or purchase contracts denominated in a currency other than the functional currency of the subsidiary and the counterparty.

The gains (losses) recognized in the Consolidated Income Statements on derivatives not designated in hedging relationships were as follows:

($ in millions)	Gains (losses) recognized in income		
Type of derivative not designated as a hedge	**Location**	**2025**	**2024**
Foreign exchange contracts	Total revenues	165	(242)
	Total cost of sales	(31)	75
	SG&A expenses[(1)]	(38)	35
	Interest and other finance expense	(178)	282
Embedded foreign exchange contracts	Total revenues	(2)	26
	Total cost of sales	6	(6)
Commodity contracts	Total cost of sales	176	14
Other	Interest and other finance expense	1	(1)
Total		**99**	**183**

(1) SG&A expenses represent “Selling, general and administrative expenses”.

The fair values of derivatives included in the Consolidated Balance Sheets were as follows:

	Derivative assets		Derivative liabilities	
December 31, 2025 ($ in millions)	**Current in "Other current assets"**	**Non-current in "Other non-current assets"**	**Current in "Other current liabilities"**	**Non-current in "Other non-current liabilities"**
Derivatives designated as hedging instruments:				
Foreign exchange contracts	—	—	6	—
Interest rate contracts	—	2	—	4
Cross-currency interest rate swaps	—	—	—	142
Total	**—**	**2**	**6**	**146**
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	101	23	50	5
Commodity contracts	129	—	5	—
Embedded foreign exchange derivatives	20	14	29	4
Total	**250**	**37**	**84**	**9**
Total fair value	**250**	**39**	**90**	**155**

	Derivative assets		Derivative liabilities	
December 31, 2024 ($ in millions)	**Current in "Other current assets"**	**Non-current in "Other non-current assets"**	**Current in "Other current liabilities"**	**Non-current in "Other non-current liabilities"**
Derivatives designated as hedging instruments:				
Foreign exchange contracts	—	—	1	—
Interest rate contracts	—	7	—	—
Cross-currency interest rate swaps	—	—	—	256
Other	4	—	—	—
Total	**4**	**7**	**1**	**256**
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	150	17	108	15
Commodity contracts	4	—	20	—
Embedded foreign exchange derivatives	22	6	11	5
Other	—	5	—	—
Total	**176**	**28**	**139**	**20**
Total fair value	**180**	**35**	**140**	**276**

Close-out netting agreements provide for the termination, valuation and net settlement of some or all outstanding transactions between two counterparties on the occurrence of one or more pre-defined trigger events.

Although the Company is party to close-out netting agreements with most derivative counterparties, the fair values in the tables above and in the Consolidated Balance Sheets at December 31, 2025 and 2024, have been presented on a gross basis.

The Company's netting agreements and other similar arrangements allow net settlements under certain conditions. At December 31, 2025 and 2024, information related to these offsetting arrangements was as follows:

December 31, 2025 ($ in millions)					
Type of agreement or similar arrangement	Gross amount of recognized assets	Derivative liabilities eligible for set-off in case of default	Cash collateral received	Non-cash collateral received	Net asset exposure
Derivatives	255	(56)	—	—	**199**
Total	**255**	**(56)**	**—**	**—**	**199**

December 31, 2025 ($ in millions)					
Type of agreement or similar arrangement	Gross amount of recognized liabilities	Derivative liabilities eligible for set-off in case of default	Cash collateral pledged	Non-cash collateral pledged	Net liability exposure
Derivatives	212	(56)	—	—	**156**
Total	**212**	**(56)**	**—**	**—**	**156**

December 31, 2024 ($ in millions)					
Type of agreement or similar arrangement	Gross amount of recognized assets	Derivative liabilities eligible for set-off in case of default	Cash collateral received	Non-cash collateral received	Net asset exposure
Derivatives	187	(90)	—	—	**97**
Total	**187**	**(90)**	**—**	**—**	**97**

December 31, 2024 ($ in millions)					
Type of agreement or similar arrangement	Gross amount of recognized liabilities	Derivative liabilities eligible for set-off in case of default	Cash collateral pledged	Non-cash collateral pledged	Net liability exposure
Derivatives	400	(90)	—	—	**310**
Total	**400**	**(90)**	**—**	**—**	**310**

—

Note 7
Fair values

Recurring fair value measures

The fair values of financial assets and liabilities measured at fair value on a recurring basis were as follows:

December 31, 2025 ($ in millions)	Level 1	Level 2	Level 3	Total fair value
Assets				
Securities in "Marketable securities and short-term investments":				
Equity securities	—	1,405	—	**1,405**
Debt securities—Other government obligations	14	—	—	**14**
Derivative assets—current in "Other current assets"	—	250	—	**250**
Derivative assets—non-current in "Other non-current assets"	—	39	—	**39**
Total	**14**	**1,694**	**—**	**1,708**
Liabilities				
Derivative liabilities—current in "Other current liabilities"	—	90	—	**90**
Derivative liabilities—non-current in "Other non-current liabilities"	—	155	—	**155**
Total	**—**	**245**	**—**	**245**

December 31, 2024 ($ in millions)	Level 1	Level 2	Level 3	Total fair value
Assets				
Securities in “Marketable securities and short-term investments”:				
Equity securities	—	814	—	**814**
Derivative assets—current in “Other current assets”	—	180	—	**180**
Derivative assets—non-current in “Other non-current assets”	—	35	—	**35**
Total	**—**	**1,029**	**—**	**1,029**
Liabilities				
Derivative liabilities—current in “Other current liabilities”	—	140	—	**140**
Derivative liabilities—non-current in “Other non-current liabilities”	—	276	—	**276**
Total	**—**	**416**	**—**	**416**

During 2025 and 2024, there have been no reclassifications for any financial assets or liabilities between Level 1 and Level 2.

The Company uses the following methods and assumptions in estimating fair values of financial assets and liabilities measured at fair value on a recurring basis:

- Securities in “Marketable securities and short-term investments”: If quoted market prices in active markets for identical assets are available, these are considered Level 1 inputs; however, when markets are not active, these inputs are considered Level 2. If such quoted market prices are not available, fair value is determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category.

- Derivatives: The fair values of derivative instruments are determined using quoted prices of identical instruments from an active market, if available (Level 1 inputs). If quoted prices are not available, price quotes for similar instruments, appropriately adjusted, or present value techniques, based on available market data, or option pricing models are used. The fair values obtained using price quotes for similar instruments or valuation techniques represent a Level 2 input unless significant unobservable inputs are used.

Non-recurring fair value measures

In 2025, there were no significant non-recurring fair value measurements. In 2024, the Company recognized $113 million of fair value adjustments on assets and liabilities held for sale. These primarily relate to a fair value adjustment within the E-mobility division of $88 million (see Note 4). In 2024, the Company also recognized $88 million in fair value adjustments of equity investments, primarily related to an impairment of its investment in Northvolt AB. There were no other significant non-recurring fair value measurements in 2024.

Disclosure about financial instruments carried on a cost basis

The fair values of financial instruments carried on a cost basis were as follows:

December 31, 2025 ($ in millions)	Carrying value	Level 1	Level 2	Level 3	Total fair value
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	1,398	1,398	—	—	**1,398**
Time deposits	3,242	—	3,242	—	**3,242**
Marketable securities and short-term investments (excluding securities):					
Time deposits	562	—	562	—	**562**
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)	448	416	32	—	**448**
Long-term debt (excluding finance lease obligations)	7,681	7,013	733	—	**7,746**

December 31, 2024 ($ in millions)	Carrying value	Level 1	Level 2	Level 3	Total fair value
Assets					
Cash and equivalents (excluding securities with original maturities up to 3 months):					
Cash	1,328	1,328	—	—	**1,328**
Time deposits	2,998	—	2,998	—	**2,998**
Marketable securities and short-term investments (excluding securities):					
Time deposits	520	—	520	—	**520**
Liabilities					
Short-term debt and current maturities of long-term debt (excluding finance lease obligations)	265	188	77	—	**265**
Long-term debt (excluding finance lease obligations)	6,486	6,012	551	—	**6,563**

The Company uses the following methods and assumptions in estimating fair values of financial instruments carried on a cost basis:

- Cash and equivalents (excluding securities with original maturities up to 3 months), Marketable securities and short-term investments (excluding securities): The carrying amounts approximate the fair values as the items are short-term in nature or, for cash held in banks, are equal to the deposit amount.

- Short-term debt and current maturities of long-term debt (excluding finance lease obligations): Short-term debt includes commercial paper, bank borrowings and overdrafts. The carrying amounts of short-term debt and current maturities of long-term debt, excluding finance lease obligations, approximate their fair values.

- Long-term debt (excluding finance lease obligations): Fair values of bonds are determined using quoted market prices (Level 1 inputs), if available. For bonds without available quoted market prices and other long-term debt, the fair values are determined using a discounted cash flow methodology based upon borrowing rates of similar debt instruments and reflecting appropriate adjustments for non-performance risk (Level 2 inputs).

Note 8
Receivables, net and Contract assets and liabilities

Receivables consisted of the following:

December 31, ($ in millions)	2025	2024
Trade receivables	7,162	6,554
Other receivables	653	584
Allowance	(280)	(295)
Total	**7,535**	**6,843**

“Trade receivables” in the table above includes contractual retention amounts billed to customers of $82 million and $102 million at December 31, 2025 and 2024, respectively. Management expects that the substantial majority of related contracts will be completed and the substantial majority of the billed amounts retained by the customer will be collected. Of the retention amounts outstanding at December 31, 2025, 64 percent and 18 percent are expected to be collected in 2026 and 2027, respectively.

“Other receivables” in the table above consists of value added tax, claims, rental deposits and other non-trade receivables.

The reconciliation of changes in the allowance for expected credit losses is as follows:

($ in millions)	2025	2024
Balance at January 1,	**295**	**284**
Current-period provision for expected credit losses	13	49
Write-offs charged against the allowance	(46)	(23)
Exchange rate differences	18	(15)
Balance at December 31,	**280**	**295**

The following table provides information about Contract assets and Contract liabilities:

December 31, ($ in millions)	2025	2024	2023
Contract assets	1,090	889	885
Contract liabilities	3,221	2,704	2,559

Contract assets primarily relate to the Company’s right to receive consideration for work completed but for which no invoice has been issued at the reporting date. Contract assets are transferred to receivables when rights to receive payment become unconditional. Management expects that the majority of the amounts will be collected within one year of the respective balance sheet date.

Contract liabilities primarily relate to up-front advances received on orders from customers as well as amounts invoiced to customers in excess of revenues recognized, predominantly on long-term projects. Contract liabilities are reduced as work is performed and as revenues are recognized.

The significant changes in the Contract assets and Contract liabilities balances were as follows:

	2025		2024	
($ in millions)	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Revenue recognized, which was included in the Contract liabilities balance at January 1, 2025/2024		(1,599)		(1,361)
Additions to Contract liabilities - excluding amounts recognized as revenue during the period		1,895		1,651
Receivables recognized that were included in the Contract assets balance at January 1, 2025/2024	(582)		(456)	

The Company considers its order backlog to represent its unsatisfied performance obligations. At December 31, 2025, the Company had unsatisfied performance obligations totaling $25,282 million and, of this amount, the Company expects to fulfill approximately 65 percent of the obligations in 2026, approximately 16 percent of the obligations in 2027 and the balance thereafter.

Note 9
Inventories, net

Inventories consisted of the following:

December 31, ($ in millions)	2025	2024
Raw materials	2,455	2,235
Work in process	1,228	1,133
Finished goods	1,986	1,819
Advances to suppliers	193	233
Total	**5,862**	**5,420**

Note 10
Property, plant and equipment, net

Property, plant and equipment consisted of the following:

December 31, ($ in millions)	2025	2024
Land and buildings	4,166	3,646
Machinery and equipment	6,366	5,500
Construction in progress	780	658
	11,312	**9,804**
Accumulated depreciation	(6,620)	(5,818)
Total	**4,692**	**3,986**

Assets under finance leases included in Property, plant and equipment were as follows:

December 31, ($ in millions)	2025	2024
Land and buildings	220	216
Machinery and equipment	110	107
	330	**323**
Accumulated depreciation	(174)	(152)
Total	**156**	**171**

In 2025 and 2024, depreciation, including depreciation of assets under finance leases, was $581 million and $520 million, respectively. In 2025 and 2024, there were no significant impairments of property, plant or equipment.

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Note 11
Supplier Finance Programs

The Company has several supplier finance programs, all with similar characteristics, with various financial institutions acting as paying agent. These programs allow qualifying suppliers access to bank facilities which permit earlier payment at a cost to the supplier. The Company's payment terms related to suppliers' finance programs are not impacted by the suppliers' decisions to sell amounts under the arrangements and are typically consistent with local market practices. Outstanding supplier finance obligations are included in Accounts payable, trade in the Consolidated Balance Sheets and are reported as operating or investing (if capitalized) activities in the Consolidated Statement of Cash Flows when paid.

($ in millions)	2025	2024
Confirmed obligations outstanding at January 1,	**403**	**381**
Invoices confirmed	1,543	1,423
Confirmed invoices paid	(1,488)	(1,381)
Exchange rate differences	24	(20)
Confirmed obligations outstanding at December 31,	**482**	**403**

—

Note 12
Goodwill and intangible assets

The changes in Goodwill were as follows:

($ in millions)	Electrification	Motion	Automation	Corporate and Other	Total
Balance at January 1, 2024[1]	**4,030**	**2,159**	**2,084**	**487**	**8,760**
Goodwill acquired during the year[2]	101	5	318	4	**428**
Goodwill allocated to disposals	(13)	—	—	(208)	**(221)**
Exchange rate differences and other	(94)	(8)	(61)	(3)	**(166)**
Balance at December 31, 2024[1]	**4,024**	**2,156**	**2,341**	**280**	**8,801**
Goodwill acquired during the year[2]	443	107	19	—	**569**
Goodwill allocated to disposals	(5)	—	—	(20)	**(25)**
Exchange rate differences and other	146	11	129	6	**292**
Balance at December 31, 2025[1]	**4,608**	**2,274**	**2,489**	**266**	**9,637**

(1) At December 31, 2025 and 2024, and at January 1, 2024, the gross goodwill amounted to $9,926 million, $9,057 million and $9,032 million, respectively. The accumulated impairment charges amounted to $289 million, $256 million and $272 million, respectively, and related to the Automation operating segment.

(2) Amount includes adjustments arising during the twelve-month measurement period subsequent to the respective acquisition date.

In 2025, the goodwill acquired primarily relates to the Siemens wiring accessories business and Sensorfact BV, which have both been allocated to the Electrification operating segment, as well as the power electronics business of Gamesa Electric, which has been allocated to the Motion operating segment. In 2024, goodwill acquired primarily relates to the SEAM Group and the Födisch Group, which have been allocated to Electrification and Automation operating segments, respectively.

In 2025, goodwill allocated to disposals was not significant. In 2024, goodwill allocated to disposals primarily relates to goodwill attributed to the reduction in the Company's ownership interest in InCharge Energy, Inc. which, prior to the change in ownership interest, was part of the E-mobility operating segment, within Corporate and Other.

Intangible assets consisted of the following:

	2025			2024		
December 31, ($ in millions)	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**
Capitalized software for internal use	963	(821)	**142**	902	(781)	**121**
Capitalized software for sale	5	(2)	**3**	2	(2)	**—**
Intangibles other than software:						
Customer-related	1,832	(1,151)	**681**	1,647	(961)	**686**
Technology-related	945	(787)	**158**	833	(761)	**72**
Marketing-related	587	(458)	**129**	485	(379)	**106**
Other	35	(29)	**6**	45	(31)	**14**
Total	**4,367**	**(3,248)**	**1,119**	**3,914**	**(2,915)**	**999**

Additions to intangible assets other than goodwill consisted of the following:

($ in millions)	**2025**	**2024**
Capitalized software for internal use	64	48
Capitalized software for sale	2	—
Intangibles other than software:		
Customer-related	108	107
Technology-related	88	38
Marketing-related	30	3
Other	—	2
Total	**292**	**198**

Included in the additions of $292 million in 2025 were $224 million of intangible assets acquired in business combinations (see Note 4), while in 2024, included in the additions of $198 million, were $152 million of intangible assets acquired in business combinations.

Amortization expense of intangible assets consisted of the following:

($ in millions)	**2025**	**2024**
Capitalized software for internal use	47	46
Intangibles other than software	185	195
Total	**232**	**241**

In 2025 and 2024, impairment charges on intangible assets were not significant.

At December 31, 2025, future amortization expense of intangible assets is estimated to be:

($ in millions)	
2026	239
2027	219
2028	191
2029	123
2030	87
Thereafter	260
Total	**1,119**

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Note 13
Debt

The Company's total debt at December 31, 2025 and 2024, amounted to $8,304 million and $6,940 million, respectively.

Short-term debt and current maturities of long-term debt

Short-term debt and current maturities of long-term debt consisted of the following:

December 31, ($ in millions)	2025	2024
Short-term debt (weighted-average interest rate of 4.9% and 4.7%, respectively)	26	83
Current maturities of long-term debt (weighted-average nominal interest rate of 2.1% and 2.3%, respectively)	449	209
Total	**475**	**292**

Short-term debt primarily represents short-term loans from various banks and issued commercial paper.

At December 31, 2025, the Company had two commercial paper programs in place: a $2 billion Euro-commercial paper program for the issuance of commercial paper in a variety of currencies, and a $2 billion commercial paper program for the private placement of U.S. dollar denominated commercial paper in the United States. At both December 31, 2025 and 2024, no amount was outstanding under either program.

In June 2025, the Company replaced its previous multicurrency revolving credit facility, maturing in 2026, with a new $2 billion 5-year multicurrency revolving credit facility maturing in 2030. The new facility provides an option in 2026 and 2027, to extend the maturity to 2031 and 2032, respectively. The facility is for general corporate purposes. Interest costs on drawings under the facility (i) in USD are referenced to CME Term SOFR; (ii) in CHF and GBP are referenced to overnight SARON and SONIA, respectively; and (iii) in Euro are referenced to EURIBOR, plus a margin of 0.175 percent, while commitment fees (payable on the unused portion of the facility) amount to 35 percent of the margin, which represents commitment fees of 0.06125 percent per annum. Utilization fees, payable on drawings, amount to 0.075 percent per annum on drawings up to one-third of the facility, 0.15 percent per annum on drawings in excess of one-third but less than or equal to two-thirds of the facility, and 0.30 percent per annum on drawings over two-thirds of the facility. The facility contains cross-default clauses whereby an event of default would occur if the Company were to default on indebtedness as defined in the facility, at or above a specified threshold. No amount was drawn at December 31, 2025 and 2024, under either the new or old facility. The old facility was terminated in June 2025.

Long-term debt

The Company raises long-term debt in various currencies, maturities and on various interest rate terms. For certain of its debt obligations, the Company utilizes derivative instruments to modify its interest rate exposure. In particular, the Company uses interest rate swaps to effectively convert certain fixed-rate long-term debt into floating rate obligations. For certain non-U.S. dollar denominated debt, the Company utilizes cross-currency interest rate swaps to effectively convert the debt into a U.S. dollar obligation. The carrying value of debt, designated as being hedged by fair value hedges, is adjusted for changes in the fair value of the risk component of the debt being hedged.

The following table summarizes the Company's long-term debt considering the effect of interest rate and cross-currency interest rate swaps. Consequently, a fixed-rate debt subject to a fixed-to-floating interest rate swap is included as a floating rate debt in the table below:

	2025			2024		
December 31, ($ in millions, except % data)	**Balance**	**Nominal rate**	**Effective rate**	**Balance**	**Nominal rate**	**Effective rate**
Floating rate	2,159	2.2%	4.0%	1,807	2.5%	5.0%
Fixed rate	6,119	2.7%	2.7%	5,050	2.8%	2.8%
	8,278			**6,857**		
Current portion of long-term debt	(449)	2.1%	2.1%	(209)	2.3%	2.2%
Total	**7,829**			**6,648**		

At December 31, 2025, the principal amounts of long-term debt repayable (excluding finance lease obligations) at maturity were as follows:

($ in millions)	
2026	442
2027	1,143
2028	591
2029	837
2030	1,221
Thereafter	4,013
Total	**8,247**

Details of significant long-term borrowings were as follows:

December 31, (in millions)	2025 Nominal outstanding		2025 Carrying value [1]	2024 Nominal outstanding		2024 Carrying value[1]
Bonds:						
2.1% CHF Bonds, due 2025				CHF	150	$ 166
1.965% CHF Bonds, due 2026	CHF	325	$ 410	CHF	325	$ 359
3.25% EUR Instruments, due 2027	EUR	500	$ 586	EUR	500	$ 518
0.75% CHF Bonds, due 2027	CHF	425	$ 535	CHF	425	$ 468
3.8% USD Notes, due 2028	USD	383	$ 382	USD	383	$ 382
1.9775% CHF Bonds, due 2028	CHF	150	$ 189	CHF	150	$ 165
3.125% EUR Instruments, due 2029	EUR	500	$ 588	EUR	500	$ 523
1.0% CHF Bonds, due 2029	CHF	170	$ 214	CHF	170	$ 188
0% EUR Instruments, due 2030	EUR	800	$ 838	EUR	800	$ 727
2.375% CHF Bonds, due 2030	CHF	150	$ 189	CHF	150	$ 165
3.375% EUR Instruments, due 2031	EUR	750	$ 871	EUR	750	$ 770
Floating rate EIB R&D Loan, due 2031	USD	539	$ 539	USD	539	$ 539
0.8725% CHF Bonds, due 2032	CHF	350	$ 440			
2.1125% CHF Bonds, due 2033	CHF	275	$ 346	CHF	275	$ 303
3.375% EUR Instruments, due 2034	EUR	750	$ 872	EUR	750	$ 780
1.2762% CHF Bonds, due 2036	CHF	250	$ 314			
4.375% USD Notes, due 2042	USD	609	$ 592	USD	609	$ 591
Total			**$ 7,905**			**$ 6,644**

(1) USD carrying values include unamortized debt issuance costs, bond discounts or premiums, as well as adjustments for fair value hedge accounting, where appropriate.

During 2025, the Company repaid at maturity its CHF 150 million 2.1% Bonds, which paid interest annually in arrears.

The CHF 325 million 1.965% Bonds, due 2026, the CHF 150 million 1.9775% Bonds, due 2028, the CHF 170 million 1.0% Bonds, due 2029, the CHF 150 million 2.375% Bonds, due 2030, and the CHF 275 million 2.1125% Bonds, due 2033, all pay interest annually in arrears. The Company may redeem these bonds three months prior to maturity, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem these instruments prior to maturity, in whole but not in part, at par plus accrued interest, if 85 percent or more of the aggregate principal amount of the relevant bond issue has been redeemed or purchased and cancelled at the time of the option exercise notice.

The EUR 500 million 3.25% Instruments, due 2027, and EUR 750 million 3.375% Instruments, due 2031, both pay interest annually in arrears. The Company may redeem the EUR 500 million Instruments up to one month prior to maturity (Par call date) and the EUR 750 million Instruments up to three months prior to maturity (Par call date), at the greater of (i) 100 percent of the principal amount of the notes to be redeemed and (ii) the sum of the present values of remaining scheduled payments of principal and interest (excluding interest accrued to the redemption date) discounted to the redemption date at a rate defined in the note terms, plus interest accrued at the redemption date. The Company may also redeem these instruments, after the Par call date, at 100 percent of the principal amount of the notes to be redeemed plus accrued interest.

The CHF 425 million 0.75% Bonds, due 2027, pay interest annually in arrears. The Company may redeem the Bonds one month prior to maturity, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem these instruments prior to maturity, in whole but not in part, at par plus accrued interest, if 85 percent or more of the aggregate principal amount has been redeemed or purchased and cancelled at the time of the option exercise notice.

The 3.8% USD Notes, due 2028, were issued in April 2018 and pay interest semi-annually in arrears. During 2020 by way of a cash tender offer, the Company redeemed $367 million of the original $750 million 3.8% USD Notes, due 2028, issued. The Company may redeem the remaining principal outstanding of the 2028 Notes up to three months prior to their maturity date, in whole or in part, at the greater of (i) 100 percent of the principal amount of the notes to be redeemed and (ii) the sum of the present values of remaining scheduled payments of principal and interest (excluding interest accrued to the redemption date) discounted to the redemption date at a rate defined in the Notes terms, plus interest accrued at the redemption date. On or after January 3, 2028 (three months prior to their maturity date), the Company may also redeem the 2028 Notes, in whole or in part, at any time at a redemption price equal to 100 percent of the principal amount of the notes to be redeemed plus unpaid accrued interest to, but excluding, the redemption date.

The EUR 500 million 3.125% Instruments, due 2029, and the EUR 750 million 3.375% Instruments, due 2034, both pay interest annually in arrears and have the same early redemption terms as the EUR 500 million 3.25% Instruments, due 2027, and EUR 750 million 3.375% Instruments, due 2031, respectively, above. The Company has entered into interest rate swaps for an aggregate nominal amount of EUR 500 million to partially hedge its interest obligations on these two bonds. After considering the impact of such swaps, EUR 500 million ($587 million equivalent) of the outstanding principal is shown as floating rate debt in the table of long-term debt above.

The EUR 800 million 0% Instruments, due 2030, do not pay interest. The Company may redeem these notes up to three months prior to maturity (Par call date), at the greater of (i) 100 percent of the principal amount of the notes to be redeemed and (ii) the sum of the present values of remaining scheduled payments of principal and interest (excluding interest accrued to the redemption date) discounted to the redemption date at a rate defined in the note terms, plus interest accrued at the redemption date. The Company may redeem these instruments after the Par call date at 100 percent of the principal amount of the notes to be redeemed. Cross-currency interest rate swaps have been used to modify the characteristics of these instruments. After considering the impact of these cross-currency interest rate swaps, the Company effectively has a floating rate U.S. dollar obligation.

The 4.375% USD Notes, due 2042, pay interest semi-annually in arrears. During 2020, by way of a cash tender offer, the Company redeemed $141 million of the original $750 million 4.375% USD Notes, due 2042, issued. The Company may redeem these notes prior to maturity, in whole or in part, at the greater of (i) 100 percent of the principal amount of the notes to be redeemed and (ii) the sum of the present values of remaining scheduled payments of principal and interest (excluding interest accrued to the redemption date) discounted to the redemption date at a rate defined in the note terms, plus interest accrued at the redemption date.

The USD 539 million (EUR 500 million equivalent) floating rate loan EIB, due 2031, pays interest semi-annually in arrears at a variable rate of 0.64 percentage points above the 6-month compound SOFR. The Company may repay the amount drawn down at any time, prior to maturity, in whole or in part, at par plus accrued interest and fees, if any. The funds received from this loan are required to be used to finance research and development (R&D) within the Electrification operating segment.

In June 2025, the Company issued the following CHF bonds: (i) CHF 350 million 0.8725% Bonds, due 2032, and (ii) CHF 250 million 1.2762% Bonds, due 2036, both paying interest annually in arrears and have the same early redemption terms as the CHF 325 million 1.965% Bonds, due 2026, above. The aggregate net proceeds of these CHF bonds, after fees, amounted to CHF 598 million (equivalent to approximately $731 million on date of issuance).

The Company’s various debt instruments contain cross-default clauses which would allow the bondholders to demand repayment if the Company were to default on any borrowing at or above a specified threshold. Furthermore, all such bonds constitute unsecured obligations of the Company and rank pari passu with other debt obligations.

In addition to the bonds and other borrowings described above, included in long-term debt at December 31, 2025 and 2024, are finance lease obligations, bank borrowings of subsidiaries and other long-term debt, none of which is individually significant.

Note 14
Provisions, other current liabilities and other non-current liabilities

Provisions consisted of the following:

December 31, ($ in millions)	2025	2024
Provisions for warranties (see Note 15)	683	651
Contract-related provisions	260	269
Provisions for contractual penalties and compliance and litigation matters	140	120
Provision for insurance-related reserves	117	111
Restructuring and restructuring-related provisions	107	119
Other	170	192
Total	**1,477**	**1,462**

Other current liabilities consisted of the following:

December 31, ($ in millions)	2025	2024
Employee-related liabilities	1,712	1,526
Accrued expenses	657	563
Non-trade payables	538	555
Income taxes payable and other income tax related liabilities	519	485
Accrued customer rebates	510	485
Other tax liabilities	398	386
Accrued interest	132	121
Derivative liabilities (see Note 6)	90	140
Other	121	114
Total	**4,677**	**4,375**

Other non-current liabilities consisted of the following:

December 31, ($ in millions)	2025	2024
Income tax related liabilities	903	847
Provisions for warranties (see Note 15)	703	551
Derivative liabilities (see Note 6)	155	276
Provisions for contractual penalties and compliance and litigation matters	107	141
Other	233	251
Total	**2,101**	**2,066**

Note 15
Commitments and contingencies

Contingencies—Regulatory, Compliance and Legal

General

The Company is subject to proceedings, litigation or threatened litigation and other claims and inquiries related to various regulatory, commercial and other matters. The Company assesses the likelihood of any adverse judgments or outcomes to these matters, as well as potential ranges of probable losses. A determination of the provision required, if any, for these contingencies is made after analysis of each individual issue, with assistance, when necessary, from internal and external legal counsel and technical experts.

Liabilities recognized

At December 31, 2025 and 2024, the Company had aggregate liabilities of $25 million and $72 million, respectively, included in Provisions and Other non-current liabilities, for regulatory, compliance and legal contingencies, and none of the individual liabilities recognized was significant. As it is not possible to make an informed judgment on, or reasonably predict, the outcome of certain matters and as it is not possible, based on information currently available to management, to estimate the maximum potential liability on other matters, there could be adverse outcomes beyond the amounts accrued.

Guarantees

General

The following table provides quantitative data regarding the Company's third-party guarantees. The maximum potential payments represent a "worst-case scenario", and do not reflect management's expected outcomes.

	Maximum potential payments[1]	
December 31, ($ in millions)	**2025**	**2024**
Performance guarantees	1,926	2,299
Financial guarantees	18	22
Total	**1,944**	**2,321**

(1) Maximum potential payments include amounts in both continuing and discontinued operations.

The carrying amount of liabilities recorded in the Consolidated Balance Sheets reflects the Company's best estimate of future payments, which it may incur as part of fulfilling its guarantee obligations. In respect of the above guarantees, the carrying amounts of liabilities at December 31, 2025 and 2024, were not significant.

The Company is party to various guarantees providing financial or performance assurances to certain third parties. These guarantees, which have various maturities up to 2032 mainly consist of performance guarantees whereby (i) the Company guarantees the performance of a third party's product or service according to the terms of a contract and (ii) as member of a consortium/joint venture that includes third parties, the Company guarantees not only its own performance but also the work of third parties. Such guarantees may include guarantees that a project will be completed within a specified time. If the third party does not fulfill the obligation, the Company will compensate the guaranteed party in cash or in kind. The original maturity dates for the majority of these performance guarantees range from one to ten years.

In conjunction with the divestment of the high-voltage cable and cables accessories businesses in 2017, the Company has entered into various performance guarantees with other parties with respect to certain liabilities of the divested business. At December 31, 2025 and 2024, the maximum potential payable under these guarantees was $681 million and $747 million, respectively, and these guarantees have various maturities ranging from five to ten years.

The Company retained obligations for financial and performance guarantees related to its former Power Grids business (reported as discontinued operations prior to its sale to Hitachi Ltd in 2020), which at both December 31, 2025 and 2024, have been fully indemnified by Hitachi Ltd. These guarantees, having various maturities up to 2032, primarily consist of bank guarantees, standby letters of credit, business performance guarantees and other trade-related guarantees, the majority of which have original maturity dates ranging from one to ten years. The maximum amount payable under these guarantees at December 31, 2025 and 2024, was approximately $0.9 billion and $1.1 billion, respectively.

Commercial commitments

In addition, in the normal course of bidding for and executing certain projects, the Company has entered into standby letters of credit, bid/performance bonds and surety bonds (collectively "performance bonds") with various financial institutions. Customers can draw on such performance bonds in the event that the Company does not fulfill its contractual obligations. The Company would then have an obligation to reimburse the financial institution for amounts paid under the performance bonds. At December 31, 2025 and 2024, the total outstanding performance bonds aggregated to $3.6 billion and $3.2 billion, respectively, of which $0.1 billion and $0.1 billion, respectively, relate to discontinued operations. There have been no significant amounts reimbursed to financial institutions under these types of arrangements in 2025 and 2024.

Product and order-related contingencies

The Company calculates its provision for product warranties based on historical claims experience and specific review of certain contracts.

The reconciliation of the Provisions for warranties, including guarantees of product performance, was as follows:

($ in millions)	2025	2024
Balance at January 1,	**1,202**	**1,163**
Net change in warranties due to acquisitions, divestments and spin-offs	—	2
Claims paid in cash or in kind	(150)	(141)
Net increase in provision for changes in estimates, warranties issued and warranties expired	230	240
Exchange rate differences	104	(62)
Balance at December 31,	**1,386**	**1,202**
Included in:		
"Provisions" (see Note 14)	683	651
"Other non-current liabilities" (see Note 14)	703	551
Total provisions for warranties	**1,386**	**1,202**

—

Note 16
Leases

The Company's lease obligations primarily relate to real estate, machinery and equipment. The components of lease expense were as follows:

	Land and buildings		Machinery and equipment		Total	
($ in millions)	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Operating lease cost	220	220	91	79	**311**	**299**
Finance lease cost	20	19	21	20	**41**	**39**
Short-term lease cost	17	12	20	4	**37**	**16**
Sub-lease income	(26)	(26)	(2)	—	**(28)**	**(26)**
Total lease expense	**231**	**225**	**130**	**103**	**361**	**328**

The following table presents supplemental cash flow information related to leases:

	Land and buildings		Machinery and equipment		Total	
($ in millions)	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Operating leases:						
Cash paid under operating cash flows	222	217	91	79	313	296
Right-of-use assets obtained in exchange for new liabilities	187	183	94	117	281	300

In 2025 and 2024, the cash flow amounts under finance leases were not significant.

At December 31, 2025, the future net minimum lease payments for operating and finance leases and the related present value of the net minimum lease payments consisted of the following:

	Operating leases		Finance leases	
($ in millions)	Land and buildings	Machinery and equipment	Land and buildings	Machinery and equipment
2026	185	88	17	14
2027	140	62	17	13
2028	104	31	17	9
2029	76	12	11	4
2030	56	3	11	1
Thereafter	119	1	94	1
Total minimum lease payments	**680**	**197**	**167**	**42**
Difference between undiscounted cash flows and discounted cash flows	(75)	(16)	(31)	(3)
Present value of minimum lease payments	**605**	**181**	**136**	**39**

The following table presents certain information related to lease terms and discount rates:

	Land and buildings		Machinery and equipment	
	2025	2024	2025	2024
Operating leases:				
Weighted-average remaining term (months)	69	68	32	33
Weighted-average discount rate (in %)	4.3%	3.9%	5.7%	5.4%
Finance leases:				
Weighted-average remaining term (months)	222	205	40	39
Weighted-average discount rate (in %)	4.5%	4.6%	5.0%	4.7%

The present value of minimum finance lease payments included in Short-term debt and current maturities of long-term debt and Long-term debt in the Consolidated Balance Sheets at December 31, 2025, amounted to $27 million and $148 million, respectively, and at December 31, 2024, amounted to $27 million and $162 million, respectively.

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Note 17
Income taxes

Income tax expense consisted of the following:

($ in millions)	2025	2024
Current taxes	1,458	1,191
Deferred taxes	112	6
Income tax expense allocated to continuing operations	**1,570**	**1,197**
Income tax expense allocated to discontinued operations	**83**	**77**

Income tax expense from continuing operations is reconciled below from the Company's weighted-average global tax rate (rather than from the Swiss domestic statutory tax rate) as the parent company of the ABB Group, ABB Ltd, is domiciled in Switzerland and income generated in jurisdictions outside of Switzerland (hereafter "foreign jurisdictions") which has already been subject to corporate income tax in those foreign jurisdictions is, to a large extent, tax exempt in Switzerland. There is no requirement in Switzerland for any parent company of a group to file a tax return of the consolidated group determining domestic and foreign pre-tax income. As the Company's consolidated income from continuing operations is predominantly earned outside of Switzerland, the weighted-average global tax rate of the Company results from enacted corporate income tax rates in foreign jurisdictions.

The reconciliation of Income tax expense from continuing operations at the weighted-average tax rate to the effective tax rate is as follows:

	2025		2024	
($ in millions, except % data)	**Amount**	**%**	**Amount**	**%**
Income from continuing operations before income taxes	**6,219**		**4,923**	
Income taxes at weighted-average tax rate	1,446	23.3%	1,160	23.6%
Foreign tax effects				
Earnings at lower tax rates	(45)	(0.7)%	(37)	(0.7)%
Earnings at higher tax rates	27	0.4%	10	0.2%
Effect of cross-border tax laws				
Withholding tax on undistributed profits	94	1.5%	98	2.0%
Other	20	0.3%	53	1.1%
Income tax credits	(24)	(0.4)%	(15)	(0.3)%
Changes in valuation allowances				
Changes related to prior year	(19)	(0.3)%	(43)	(0.9)%
Changes related to current year	46	0.7%	100	2.0%
Nontaxable or nondeductible items	51	0.8%	31	0.6%
Changes in unrecognized tax benefits	(6)	(0.1)%	(182)	(3.7)%
Other, net	(20)	(0.3)%	22	0.4%
Income tax expense from continuing operations	**1,570**	**25.2%**	**1,197**	**24.3%**

The allocation of consolidated income from continuing operations, which is predominantly earned outside of Switzerland, impacts the "Weighted-average tax rate".

In 2025 and 2024, "Effect of cross-border tax laws" included $7 million and $17 million, respectively, for dividends received in holding entities which could not fully benefit from the participation exemption as well as the impact of recording expected taxes on undistributed earnings of foreign subsidiaries. The amount in 2025 and 2024 also included $7 million and $1 million, respectively, relating to the impact of the minimum tax effects from the OECD Pillar Two framework.

In 2025 and 2024, "Changes in valuation allowance" included $55 million and $79 million, respectively, of negative impacts from certain unfavorable business developments in Europe. Additionally, in 2025, "Changes in valuation allowance" was positively impacted by $27 million attributable to the ongoing setup of the Robotics business in advance of the planned divestment.

In 2025 and 2024, there were no significant items impacting "Nontaxable or nondeductible items". In all periods, the amounts reported included other items that were deducted for financial accounting purposes but are typically not tax deductible, such as certain interest expense costs, local taxes on productive activities, disallowed amounts for meals and entertainment expenses and other similar items.

In 2025, "Changes in unrecognized tax benefits" included the impact of final tax audit assessments of $30 million in Europe. In 2024, these included a combined benefit of $92 million related to positive reassessments of certain tax risks in Europe and Africa and, in addition, closed tax audits of $78 million in Europe.

Income taxes paid (net of refunds) exceeded 5 percent of total combined income taxes paid (net of refunds) in the following jurisdictions:

($ in millions)	2025	2024
China	223	220
Italy	269	219
Switzerland	245	137
United States	158	260
Germany	147	54
Finland	110	89
India	87	90

During 2025, the Company paid $1,627 million in income taxes globally. The income tax payments are primarily driven by the profitability in the respective jurisdictions and the applicable tax rate. The deviation between income tax expense and income taxes paid is mainly impacted by changes in unrecognized tax benefits and timing differences based on local legal requirements.

Deferred tax assets and liabilities consisted of the following:

December 31, ($ in millions)	2025	2024
Deferred tax assets:		
Unused tax losses and credits	626	582
Provisions and other accrued liabilities	830	813
Other current assets including receivables	70	66
Pension	254	243
Inventories	390	350
Intangible assets	526	1,025
Other	39	63
Total gross deferred tax asset	**2,735**	**3,142**
Valuation allowance	(674)	(1,080)
Total gross deferred tax asset, net of valuation allowance	**2,061**	**2,062**
Deferred tax liabilities:		
Property, plant and equipment	(236)	(236)
Intangible assets	(228)	(202)
Other assets	(180)	(147)
Pension	(345)	(281)
Other liabilities	(122)	(103)
Inventories	(93)	(70)
Unremitted earnings of subsidiaries	(401)	(375)
Total gross deferred tax liability	**(1,605)**	**(1,414)**
Net deferred tax asset	**456**	**648**
Included in:		
“Deferred taxes”—non-current assets	1,248	1,299
“Deferred taxes”—non-current liabilities	(792)	(651)
Net deferred tax asset	**456**	**648**

Certain entities have deferred tax assets related to net operating loss carryforwards and other items. As recognition of these assets in certain entities did not meet the more likely than not criterion, valuation allowances have been recorded. “Unused tax losses and credits” at December 31, 2025 and 2024, in the table above, included $40 million and $44 million, respectively, for which the Company has established a valuation allowance as, due to limitations imposed by the relevant tax law, the Company determined that, more likely than not, such deferred tax assets would not be realized.

In 2025, deferred tax assets of $443 million related to intangible assets were derecognized, along with a corresponding full valuation allowance, due to an expiration of historical long-lived attributes in Europe. The total valuation allowance at December 31, 2025 and 2024, was $674 million and $1,080 million, respectively.

Certain amounts included in deferred tax assets for intangible assets result from intercompany transactions occurring at fair market value for which no corresponding accounting basis exists.

At December 31, 2025 and 2024, deferred tax liabilities totaling $401 million and $375 million, respectively, have been provided for withholding taxes, dividend distribution taxes or additional corporate income taxes (hereafter "withholding taxes") on unremitted earnings which will be payable in foreign jurisdictions in the event of repatriation of the foreign earnings to Switzerland. Income which has been generated outside of Switzerland and has already been subject to corporate income tax in such foreign jurisdictions is, to a large extent, tax exempt in Switzerland and therefore, generally no or only limited Swiss income tax has to be provided for on the repatriated earnings of foreign subsidiaries.

Certain countries levy withholding taxes on dividend distributions and these taxes cannot always be fully reclaimed by the Company's relevant subsidiary receiving the dividend, although the taxes have to be withheld and paid by the relevant subsidiary distributing such dividend. In 2025 and 2024, certain taxes arose in certain foreign jurisdictions for which the technical merits do not allow utilization of benefits. At December 31, 2025 and 2024, foreign subsidiary retained earnings which would be subject to withholding taxes upon distribution were approximately $50 million and $50 million, respectively. These earnings were considered as indefinitely reinvested, as these funds are used for financing current operations as well as business growth through working capital and capital expenditure in those countries and, consequently, no deferred tax liability was recorded.

At December 31, 2025, net operating loss carryforwards of $2,490 million and tax credits of $42 million were available to reduce future income taxes of certain subsidiaries. Of these amounts, $745 million of operating loss carryforwards and $36 million of tax credits will expire in varying amounts through 2043, while the remainder are available for carryforward indefinitely. The largest amount of these carryforwards are related to the Company's Europe operations.

Unrecognized tax benefits consisted of the following:

($ in millions)	Unrecognized tax benefits	Penalties and interest related to unrecognized tax benefits	Total
Classified as unrecognized tax items on January 1, 2024	**943**	**195**	**1,138**
Increase relating to prior year tax positions	21	47	**68**
Decrease relating to prior year tax positions	(225)	(59)	**(284)**
Increase relating to current year tax positions	87	4	**91**
Decrease due to settlements with tax authorities	(10)	(4)	**(14)**
Decrease as a result of the applicable statute of limitations	(59)	(15)	**(74)**
Exchange rate differences	(46)	(12)	**(58)**
Balance at December 31, 2024, which would, if recognized, affect the effective tax rate	**711**	**156**	**867**
Net change due to acquisitions and divestments	(5)	(3)	**(8)**
Increase relating to prior year tax positions	2	49	**51**
Decrease relating to prior year tax positions	(47)	(8)	**(55)**
Increase relating to current year tax positions	105	4	**109**
Decrease due to settlements with tax authorities	(16)	(3)	**(19)**
Decrease as a result of the applicable statute of limitations	(64)	(43)	**(107)**
Exchange rate differences	69	16	**85**
Balance at December 31, 2025, which would, if recognized, affect the effective tax rate	**755**	**168**	**923**

In 2025 and 2024, “Increase relating to current year tax positions” included a total of $89 million and $59 million, respectively, in taxes related to the interpretation of tax law and double tax treaty agreements by competent tax authorities.

In 2025, “Decrease relating to prior year tax positions” included a $6 million decrease related to reassessments of tax risks in Europe and $30 million related to final tax audit assessments in Europe, while in 2024, the decrease included $92 million related to reassessments of tax risks in Europe and Africa and $78 million related to closed tax audits in Europe.

In 2025 and 2024, “Decrease due to settlements with tax authorities” included $16 million and $7 million, respectively, related to closed tax audits in Europe.

At December 31, 2025, the Company expects the resolution, within the next twelve months, of unrecognized tax benefits related to pending court cases amounting to $20 million for income taxes, penalties and interest. Otherwise, the Company has not identified any significant changes which were considered reasonably possible to occur within the next twelve months.

At December 31, 2025, the earliest significant open tax years that remained subject to examination were the following:

Location	Year
Europe	2019
United States	2022
Rest of Americas	2021
China	2016
Rest of Asia, Middle East and Africa	2020

Note 18
Employee benefits

The Company operates defined benefit pension plans, defined contribution pension plans, and termination indemnity plans, in accordance with local regulations and practices. At December 31, 2025, the Company’s most significant defined benefit pension plans are in Switzerland as well as in Germany, the United Kingdom, and the United States. These plans cover a large portion of the Company’s employees and provide benefits to employees in the event of death, disability, retirement, or termination of employment. Certain of these plans are multi-employer plans. The Company also operates other postretirement benefit plans including postretirement health care benefits and other employee-related benefits for active employees including long-service award plans. The postretirement benefit plans are not significant. The measurement date used for the Company’s employee benefit plans is December 31. The funding policies of the Company’s plans are consistent with local government and tax requirements.

In 2025, the Trustees of the U.K. pension plan entered into two buy-in agreements with a third-party insurance company. The buy-in arrangements are insurance contracts providing substantially all future benefit plan payments to the U.K. pension plan participants; however, the primary benefit obligation remains with the Company. U.K. pension plan assets were transferred to the insurer in exchange for the insurance contracts at the effective dates of the buy-in agreements. The insurance contracts remain assets of the U.K. pension plan and are considered Level 3 investments. At December 31, 2025, the insurance contracts had a fair value of $952 million. No cash contribution was required to be made by the Company for the insurance contracts. The buy-in arrangements also allow for the possible future conversion into buy-out arrangements where the insurance company would assume full responsibility for the U.K. pension plan pension obligations, at which time the Company would derecognize the assets and liabilities of the pension plan and realize a settlement loss or gain as a component of the net periodic benefit cost.

Unless otherwise indicated, the following tables include amounts relating to both continuing and discontinued operations.

Obligations and funded status of the plans

The Company recognizes in its Consolidated Balance Sheets the funded status of its defined benefit pension plans, postretirement plans and other employee-related benefits measured as the difference between the fair value of the plan assets and the benefit obligation.

The change in benefit obligation, change in fair value of plan assets, and funded status recognized in the Consolidated Balance Sheets were as follows:

	Defined pension benefits			
	Switzerland		International	
($ in millions)	**2025**	**2024**	**2025**	**2024**
Benefit obligation at January 1,	**2,746**	**2,834**	**3,280**	**3,669**
Service cost	56	46	26	28
Interest cost	22	35	154	156
Contributions by plan participants	44	39	9	9
Benefit payments	(139)	(132)	(240)	(226)
Settlements	(21)	(32)	(15)	(41)
Actuarial (gain) loss	(60)	166	(40)	(188)
Plan amendments and other	9	10	12	(2)
Exchange rate differences	384	(220)	233	(125)
Benefit obligation at December 31,	**3,041**	**2,746**	**3,419**	**3,280**
Fair value of plan assets at January 1,	**3,269**	**3,476**	**3,002**	**3,239**
Actual return on plan assets	114	139	188	43
Contributions by employer	63	45	37	77
Contributions by plan participants	44	39	9	9
Benefit payments	(139)	(132)	(240)	(226)
Settlements	(21)	(32)	(15)	(41)
Exchange rate differences	467	(266)	201	(99)
Fair value of plan assets at December 31,	**3,797**	**3,269**	**3,182**	**3,002**
Funded status — overfunded (underfunded)	**756**	**523**	**(237)**	**(278)**

The amounts recognized in Accumulated other comprehensive loss and Noncontrolling interests were:

	Defined pension benefits	
December 31, ($ in millions)	**2025**	**2024**
Net actuarial (loss) gain	(1,356)	(1,397)
Prior service credit	1	17
Amount recognized in OCI[(1)] and NCI[(2)]	**(1,355)**	**(1,380)**
Taxes associated with amount recognized in OCI and NCI	282	287
Amount recognized in OCI[(1)] and NCI[(2)], net of tax	**(1,073)**	**(1,093)**

(1) OCI represents Accumulated other comprehensive loss and, in addition, includes $6 million and $8 million at December 31, 2025 and 2024, respectively, recognized for other postretirement benefits.
(2) NCI represents Noncontrolling interests.

In addition, the following amounts were recognized in the Company's Consolidated Balance Sheets:

	Defined pension benefits			
	Switzerland		International	
December 31, ($ in millions)	**2025**	**2024**	**2025**	**2024**
Overfunded plans	760	523	177	165
Underfunded plans — current	—	—	(23)	(16)
Underfunded plans — non-current	(4)	—	(391)	(427)
Funded status — overfunded (underfunded)	**756**	**523**	**(237)**	**(278)**
Amounts reported as assets and liabilities held for sale and in discontinued operations	(4)	(10)	(7)	(9)

December 31, ($ in millions)	2025	2024
Non-current assets		
Overfunded pension plans	937	688
Other employee-related benefits	1	1
Pension and other employee benefits	**938**	**689**
Amounts reported as Non-current assets held for sale and in discontinued operations	1	1

December 31, ($ in millions)	2025	2024
Current liabilities		
Underfunded pension plans	(23)	(16)
Underfunded other postretirement benefit plans	(2)	(2)
Other employee-related benefits	(12)	(14)
Pension and other employee benefits	**(37)**	**(32)**
Amounts reported as Current liabilities held for sale and in discontinued operations	—	(1)

December 31, ($ in millions)	2025	2024
Non-current liabilities		
Underfunded pension plans	(395)	(427)
Underfunded other postretirement benefit plans	(16)	(16)
Other employee-related benefits	(152)	(126)
Pension and other employee benefits	**(563)**	**(569)**
Amounts reported as Current liabilities held for sale and in discontinued operations	(13)	—
Amounts reported as Non-current liabilities held for sale and in discontinued operations	—	(28)

The accumulated benefit obligation (ABO) for all defined benefit pension plans was $6,391 million and $5,963 million at December 31, 2025 and 2024, respectively. The projected benefit obligation (PBO), ABO and fair value of plan assets, for pension plans with a PBO in excess of fair value of plan assets or ABO in excess of fair value of plan assets, was:

	PBO exceeds fair value of plan assets				ABO exceeds fair value of plan assets			
December 31,	Switzerland		International		Switzerland		International	
($ in millions)	2025	2024	2025	2024	2025	2024	2025	2024
PBO	—	—	1,502	2,116	—	—	1,462	2,109
ABO	—	—	1,444	2,071	—	—	1,416	2,065
Fair value of plan assets	—	—	1,095	1,675	—	—	1,062	1,669

Components of net periodic benefit cost

Net periodic benefit cost mainly consisted of the following:

	Defined pension benefits			
	Switzerland		International	
($ in millions)	2025	2024	2025	2024
Operational pension cost:				
Service cost	56	46	26	28
Operational pension cost	**56**	**46**	**26**	**28**
Non-operational pension cost (credit):				
Interest cost (credit)	22	35	154	156
Expected return on plan assets	(118)	(126)	(167)	(168)
Amortization of prior service cost (credit)	—	(8)	(2)	(2)
Amortization of net actuarial loss	1	—	54	52
Curtailments, settlements and special termination benefits	3	5	(1)	3
Non-operational pension cost (credit)	**(92)**	**(94)**	**38**	**41**
Net periodic benefit cost (credit)	**(36)**	**(48)**	**64**	**69**

The components of net periodic benefit cost other than the service cost component are included in Non-operational pension (cost) credit in the Consolidated Income Statements. In both 2025 and 2024, Net periodic benefit cost related to discontinued operations is not significant.

Assumptions

The following weighted-average assumptions were used to determine projected benefit obligations:

	Defined pension benefits			
	Switzerland		International	
December 31, (in %)	**2025**	**2024**	**2025**	**2024**
Discount rate	1.2	0.9	5.0	4.9
Rate of compensation increase	—	—	1.7	1.6
Rate of pension increase	—	—	1.4	1.5
Cash balance interest credit rate	2.0	2.0	3.4	3.4

For the Company's significant benefit plans, the discount rate used at each measurement date is set based on a high-quality corporate bond yield curve (derived based on bond universe information sourced from reputable third-party index and data providers and rating agencies) reflecting the timing, amount and currency of the future expected benefit payments for the respective plan. Consistent discount rates are used across all plans in each currency zone, based on the duration of the applicable plan(s) in that zone. For plans in the other countries, the discount rate is based on high quality corporate or government bond yields applicable in the respective currency, as appropriate at each measurement date with a duration broadly consistent with the respective plan's obligations.

The following weighted-average assumptions were used to determine the "Net periodic benefit cost":

	Defined pension benefits			
	Switzerland		International	
(in %)	**2025**	**2024**	**2025**	**2024**
Discount rate	0.9	1.4	4.9	4.5
Expected long-term rate of return on plan assets	3.4	3.9	5.5	5.4
Rate of compensation increase	—	—	1.6	1.7
Cash balance interest credit rate	2.0	2.0	3.4	3.2

The "Expected long-term rate of return on plan assets" is derived for each benefit plan by considering the expected future long-term return assumption for each individual asset class. A single long-term return assumption is then derived for each plan based upon the plan's target asset allocation.

Plan assets

The Company has pension plans in various countries with the majority of the Company's pension liabilities deriving from a limited number of these countries.

The pension plans are typically funded by regular contributions from employees and the Company. These plans are typically administered by boards of trustees (which include Company representatives) whose primary responsibilities include ensuring that the plans meet their liabilities through contributions and investment returns. The boards of trustees have the responsibility for making key investment strategy decisions within a risk-controlled framework.

The pension plan assets are invested in diversified portfolios that are managed by third-party asset managers, in accordance with local statutory regulations, pension plan rules and the respective plans' investment guidelines, as approved by the boards of trustees.

Plan assets are generally segregated from those of the Company and invested with the aim of meeting the respective plans' projected future pension liabilities. Plan assets are measured at fair value at the balance sheet date.

The boards of trustees manage the assets of the pension plans in a risk-controlled manner and assess the risks embedded in the pension plans through asset/liability management studies. Asset/liability management studies typically take place every three years. However, the risks of the plans are monitored on an ongoing basis.

The boards of trustees' investment goal is to maximize the long-term returns of plan assets within specified risk parameters, while considering the future liabilities and liquidity needs of the individual plans. Risk measures taken into account include the funding ratio of the plan, the likelihood of extraordinary cash contributions being required, the risk embedded in each individual asset class, and the plan asset portfolio as a whole.

The Company's global pension asset allocation is the result of the asset allocations of the individual plans, which are set by the respective boards of trustees. The target asset allocation of the Company's plans on a weighted-average basis is as follows:

	Target	
(in %)	**Switzerland**	**International**
Asset class		
Equity	16	13
Fixed income	52	37
Real estate	25	3
Insurance contracts and other	7	47
Total	**100**	**100**

The actual asset allocations of the plans are in line with the target asset allocations.

Equity securities primarily include investments in large-cap and mid-cap publicly traded companies. Fixed income assets primarily include corporate bonds of companies from diverse industries and government bonds. Both fixed income and equity assets are invested either via funds or directly in segregated investment mandates, and include an allocation to emerging markets. Real estate consists primarily of investments in real estate in Switzerland held in the Swiss plans. The "Insurance contracts and other" asset class includes insurance contracts, investments in private equity, cash, and reflects a variety of investment strategies.

Based on the global asset allocation and the fair values of the plan assets, the expected long-term return on assets at December 31, 2025, is 4.4 percent. The Company and the local boards of trustees regularly review the investment performance of the asset classes and individual asset managers. Due to the diversified nature of the investments, the Company is of the opinion that no significant concentration of risks exists in its pension fund assets.

At December 31, 2025 and 2024, plan assets include ABB Ltd's shares (as well as an insignificant amount of the Company's debt instruments) with a total value of $14 million and $9 million, respectively.

The fair values of the Company's pension plan assets by asset class are presented below. For further information on the fair value hierarchy and an overview of the Company's valuation techniques applied, see the "Fair value measures" section of Note 2.

December 31, 2025 ($ in millions)	Level 1	Level 2	Level 3	Not subject to leveling[1]	Total fair value
Asset class					
Equity					
Equity securities	166				**166**
Mutual funds/commingled funds		799			**799**
Emerging market mutual funds/commingled funds		141			**141**
Fixed income					
Government and corporate securities	188	455			**643**
Government and corporate—mutual funds/commingled funds		2,201			**2,201**
Emerging market bonds—mutual funds/commingled funds		279			**279**
Real estate				1,011	**1,011**
Insurance contracts			1,174		**1,174**
Cash and short-term investments	80	189			**269**
Private equity			52	244	**296**
Total	**434**	**4,064**	**1,226**	**1,255**	**6,979**

December 31, 2024 ($ in millions)	Level 1	Level 2	Level 3	Not subject to leveling[1]	Total fair value
Asset class					
Equity					
Equity securities	198				**198**
Mutual funds/commingled funds		636			**636**
Emerging market mutual funds/commingled funds		107			**107**
Fixed income					
Government and corporate securities	178	730			**908**
Government and corporate—mutual funds/commingled funds		2,390			**2,390**
Emerging market bonds—mutual funds/commingled funds		343			**343**
Real estate				981	**981**
Insurance contracts			184		**184**
Cash and short-term investments	157	72			**229**
Private equity			44	251	**295**
Total	**533**	**4,278**	**228**	**1,232**	**6,271**

(1) Amounts relate to assets measured using the NAV practical expedient which are not subject to leveling.

Assets classified within Level 3 include buy-in insurance contracts and certain private equity investments, for which valuation techniques rely on unobservable inputs. Buy-in contracts are valued using a discounted cash flow model that estimates the present value of expected future benefit payments. Key unobservable inputs include discount rates, inflation and mortality assumptions. Private equity investments are valued using income and market-based approaches, including dividend discount models, capitalized earnings methods, and comparable company or transaction multiples. Key unobservable inputs include forecasted cash flows, discount rates, and valuation multiples.

The following table represents the movements of those asset categories whose fair values use significant unobservable inputs (Level 3):

($ in millions)	Private equity	Insurance contracts	Total Level 3
Balance at January 1, 2024	**60**	**215**	**275**
Net Realized and Unrealized gains/losses	(13)	(1)	**(14)**
Net Purchases, Issuances and Settlements	—	(13)	**(13)**
Exchange rate differences	(3)	(17)	**(20)**
Balance at December 31, 2024	**44**	**184**	**228**
Net Realized and Unrealized gains/losses	2	(6)	**(4)**
Net Purchases, Issuances and Settlements	—	976	**976**
Exchange rate differences	6	20	**26**
Balance at December 31, 2025	**52**	**1,174**	**1,226**

The Company applies accounting guidance related to the presentation of certain investments using the net asset value (NAV) practical expedient. This accounting guidance exempts investments using this practical expedient from categorization within the fair value hierarchy. Investments measured at NAV are primarily non exchange-traded commingled or collective funds in private equity and real estate where the fair value of the underlying assets is determined by the investment manager. Investments in private equity can never be redeemed, but instead the funds will make distributions through liquidation of the underlying assets. Total unfunded commitments for the private equity funds were approximately $96 million and $122 million at December 31, 2025 and 2024, respectively. The real estate funds typically offer a redemption notice of three to twelve months.

Contributions

Employer contributions were as follows:

	Defined pension benefits			
	Switzerland		International	
($ in millions)	2025	2024	2025	2024
Total contributions to defined benefit pension plans	63	45	37	77

The Company expects to contribute approximately $100 million to its defined benefit pension plans in 2026. Of these contributions, $4 million are expected to be non-cash contributions.

The Company also contributes to a number of defined contribution plans. The aggregate expense for these plans was $358 million and $317 million in 2025 and 2024, respectively. Contributions to multi-employer plans were not significant in 2025 and 2024. Defined contributions expenses includes $22 million and $19 million in 2025 and 2024, respectively, related to discontinued operations.

Estimated future benefit payments

The expected future cash flows to be paid by the Company's plans in respect of defined pension benefits at December 31, 2025, are as follows:

	Defined pension benefits	
($ in millions)	**Switzerland**	**International**
2026	254	272
2027	236	279
2028	225	274
2029	220	275
2030	218	273
Years 2031 - 2035	970	1,281

Note 19
Share-based payment arrangements

The Company grants share-based instruments to its employees under two principal share-based payment plans, as more fully described in the respective sections below. Compensation cost for equity-settled awards is recorded in Total cost of sales and in Selling, general and administrative expenses and totaled $91 million and $99 million in 2025 and 2024, respectively, while compensation cost for cash-settled awards, recorded in Selling, general and administrative expenses, was not significant. The total tax benefit recognized in 2025 and 2024 was not significant.

At December 31, 2025, the Company had the ability to issue up to 94 million new shares out of contingent capital in connection with share-based payment arrangements. In addition, 6 million of the 26 million shares held by the Company as treasury stock at December 31, 2025, could be used to settle share-based payment arrangements.

As the primary trading market for the shares of ABB Ltd is the SIX Swiss Exchange (on which the shares are traded in Swiss francs) and substantially all the share-based payment arrangements with employees are based on the Swiss franc share or have strike prices set in Swiss francs, certain data disclosed below related to the instruments granted under share-based payment arrangements are presented in Swiss francs.

Employee Share Acquisition Plan

The employee share acquisition plan (ESAP) is a stock-option plan with a savings feature that is made widely available to Company employees. Employees save over a twelve-month period, by way of regular payroll deductions. At the end of the savings period, employees choose whether to exercise their stock options using their savings plus interest, if any, to buy ABB Ltd shares at the exercise price set at the grant date, or have their savings returned with any interest. The savings are accumulated in bank accounts held by a third-party trustee on behalf of the participants and earn interest, where applicable. Employees can withdraw from the ESAP at any time during the savings period and will be entitled to a refund of their accumulated savings.

The fair value of each option is estimated on the date of grant using a lattice model, using the assumptions noted in the table below. The expected term of the option granted has been determined to be the contractual one-year life of each option, at the end of which the options vest and the participants are required to decide whether to exercise their options or have their savings returned with interest. The risk-free rate is based on one-year Swiss franc interest rates, reflecting the one-year contractual life of the options. In estimating forfeitures, the Company has used the data from previous ESAP launches.

	2025	2024
Expected volatility	23%	22%
Dividend yield	1.5%	1.8%
Expected term	1 year	1 year
Risk-free interest rate	-0.1%	0.4%

Presented below is a summary of activity under the ESAP:

	Number of shares (in millions)	Weighted-average exercise price (in Swiss francs)	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in millions of Swiss francs)[1]
Outstanding at January 1, 2025	**1.5**	**48.41**		
Granted	1.6	59.40		
Forfeited	(0.1)	49.42		
Exercised[2]	(1.2)	48.41		
Not exercised (savings returned plus interest)	(0.2)	48.41		
Outstanding at December 31, 2025	**1.6**	**59.40**	**0.8**	**—**
Vested and expected to vest at December 31, 2025	**1.5**	**59.40**	**0.8**	**—**
Exercisable at December 31, 2025	**—**	**—**	**—**	**—**

(1) Computed using the closing price, in Swiss francs, of ABB Ltd shares on the SIX Swiss Exchange and the exercise price of each option in Swiss francs.
(2) The cash received in 2025 from exercises was approximately $72 million. The shares were delivered out of treasury stock.

The exercise prices per ABB Ltd share of 59.40 Swiss francs and 48.41 Swiss francs for the 2025 grant and the 2024 grant, respectively, were determined using the closing price of the ABB Ltd share on the SIX Swiss Exchange on the respective grant dates.

At December 31, 2025, the total unrecognized compensation cost related to non-vested options granted under the ESAP was not significant. The weighted-average grant-date fair value (per option) of options granted during 2025 and 2024 was 4.92 Swiss francs and 3.86 Swiss francs, respectively. The total intrinsic value (on the date of exercise) of options exercised in 2025 and 2024 was $17 million and $31 million, respectively.

Long-Term Incentive Plan

The long-term incentive plan (LTIP) involves annual grants of the Company's stock subject to certain conditions (Performance Shares) to members of the Company's Executive Committee and selected other senior executives, as defined in the terms of the LTIP. The ultimate amount delivered under the LTIP's Performance Shares grant is based on achieving certain results against targets, as set out below, over a three-year period from grant and the final amount is delivered to the participants at the end of this period. Generally, for awards to vest, the participant has to fulfill a three-year service condition as defined in the terms and conditions of the LTIP.

The Performance Shares under the 2025, 2024 and 2023 LTIP launches include a component based on the Company's earnings per share performance (weighted 50 percent), a component based on the Company's relative total shareholder return (weighted 30 percent) and a sustainability component based on the Company's greenhouse gas emissions reduction (weighted 20 percent).

For the earnings per share performance component of the Performance Shares, the actual number of shares that will be delivered at a future date is based on the Company's average earnings per share over three financial years, beginning with the year of launch. The actual number of shares that will ultimately be delivered will vary depending on the earnings per share outcome as computed under each LTIP launch, interpolated between a lower threshold (no shares delivered) and an upper threshold (the number of shares delivered is capped at 200 percent of the conditional grant).

For the relative total shareholder return component of the Performance Shares, the actual number of shares that will be delivered at a future date is based on the Company's total shareholder return performance relative to a peer group of companies over a three-year period starting with the year of grant. The actual number of shares that will ultimately be delivered will vary depending on the relative total shareholder return outcome achieved between a lower threshold (no shares delivered) and an upper threshold (the number of shares delivered is capped at 200 percent of the conditional grant).

For the sustainability component of the Performance Shares, the actual number of shares that will be delivered at a future date is based on the Company's scope 1 and 2 greenhouse gas emissions reduction over three financial years, beginning with the year of launch, compared to the launch's baseline emissions. The actual number of shares that will ultimately be delivered will vary depending on the sustainability outcome as computed under the LTIP launch, interpolated between a lower threshold (no shares delivered) and an upper threshold (the number of shares delivered is capped at 200 percent of the conditional grant).

Certain other key employees not included in the employee group granted the Performance Shares described above, were granted Restricted Shares of the Company under the LTIP. The Restricted Shares do not have performance conditions and vest over a three-year period from the grant date.

Under the 2025, 2024 and 2023 LTIP launches, participants generally do not have the ability to receive any of the award in cash, subject to legal restrictions in certain jurisdictions.

Presented below is a summary of activity under the Performance Shares of the LTIP:

	Number of Performance Shares (in millions)	Weighted-average grant-date fair value per share (Swiss francs)
Nonvested at January 1, 2025	**1.4**	**33.06**
Granted	0.4	46.70
Vested	(0.5)	34.63
Nonvested at December 31, 2025	**1.3**	**37.11**

The aggregate fair value, at the dates of grant, of Performance Shares granted in 2025 and 2024 was $24 million and $23 million, respectively. The total grant-date fair value of shares that vested during 2025 and 2024 was $20 million and $31 million, respectively. The weighted-average grant-date fair value (per share) of shares granted during 2025 and 2024 was 46.70 Swiss francs and 36.15 Swiss francs, respectively. The total fair value of Performance Shares delivered in 2025 and 2024 (including shares vested in prior years and delivered in the year) was approximately $63 million and $77 million, respectively.

Presented below is a summary of activity under the Restricted Shares of the LTIP:

	Number of Restricted Shares (in millions)	Weighted-average grant-date fair value per share (Swiss francs)
Nonvested at January 1, 2025	**2.1**	**34.55**
Granted	0.6	45.86
Vested	(0.7)	30.71
Forfeited	(0.1)	39.04
Nonvested at December 31, 2025	**2.0**	**39.05**

The aggregate fair value, at the dates of grant, of Restricted Shares granted in 2025 and 2024 was $30 million and $34 million, respectively. The total grant-date fair value of shares that vested during 2025 and 2024 was $25 million and $22 million, respectively. The weighted-average grant-date fair value (per share) of shares granted during 2025 and 2024 was 45.86 Swiss francs and 41.65 Swiss francs, respectively. The total fair value of Restricted Shares delivered in 2025 and 2024 was approximately $35 million and $40 million, respectively.

Equity-settled awards are recorded in the Additional paid-in capital component of Stockholders' equity, with compensation cost recorded in Selling, general and administrative expenses over the vesting period (which is from grant date to the end of the vesting period) based on the grant-date fair value of the shares. Cash-settled awards are recorded as a liability, remeasured at fair value at each reporting date for the percentage vested, with changes in the liability recorded in Selling, general and administrative expenses.

At December 31, 2025, total unrecognized compensation cost related to equity-settled awards under the LTIP was $86 million and is expected to be recognized over a weighted-average period of 1.8 years. The compensation cost recorded in 2025 and 2024 for cash-settled awards was not significant.

For the earnings per share component of the LTIP launches, the fair value of granted shares is based on the market price of the ABB Ltd share at grant date for equity-settled awards and at each reporting date for cash-settled awards, as well as the probable outcome of the earnings per share achievement, as computed using a Monte Carlo simulation model. The main inputs to this model are the Company's and external financial analysts' revenue growth rates and Operational EBITA margin expectations. For the relative total shareholder return component of the LTIP launches, the fair value of granted shares at grant date, for equity-settled awards, and at each reporting date, for cash-settled awards, is determined using a Monte Carlo simulation model. The main inputs to this model are the Company's share price and dividend yield, the volatility of the Company's and the peer group's share price as well as the correlation between the peer companies. For the sustainability component of the LTIP launches, the fair value of granted shares is based on the market price of the ABB Ltd share at grant date for equity-settled awards and at each reporting date for cash-settled awards, as well as the probable outcome of the sustainability component achievement, as determined by internal modelling based on the Company's greenhouse gas emissions.

Other share-based payments

The Company has other minor share-based payment arrangements with certain employees. The compensation cost related to these arrangements in 2025 and 2024 was not significant.

Note 20
Stockholders' equity

Capital

ABB Ltd is a corporation organized under the laws of Switzerland and the rights of its shareholders are governed by Swiss law and its Articles of Incorporation.

At December 31, 2025 and 2024, the Company had 1,844 million shares and 1,861 million shares, respectively, that were registered and issued.

In line with the revised provisions of Swiss corporate law effective January 1, 2023, shareholders approved, at ABB's Annual General Meeting of Shareholders (AGM) in March 2023, the introduction of a capital band ranging from 90 percent to 110 percent of the issued share capital entered in the commercial register at that time. Within this capital band, the Board of Directors is authorized to increase or reduce the share capital once or several times until March 23, 2028, or until an earlier expiry of the capital band. The Company also has contingent share capital, as specified in the ABB Ltd Articles of Incorporation, which forms a component of total authorized shares. At December 31, 2025 and 2024, the Company had a total of 2,344 million and 2,361 million authorized shares, respectively.

Dividends

At the AGM in March 2025, the shareholders approved the proposal of the Board of Directors to distribute a total of 0.90 Swiss francs per share. The approved dividend distribution amounted to $1,867 million and was paid in the second quarter of 2025. At the AGM in March 2024, the shareholders approved the proposal of the Board of Directors to distribute a total of 0.87 Swiss francs per share. The approved dividend distribution amounted to $1,804 million, with the Company disbursing a portion in March 2024 and the remaining amounts in April 2024.

Amounts available to be distributed as dividends to the stockholders of ABB Ltd are based on the requirements of Swiss law and ABB Ltd's Articles of Incorporation and are determined based on amounts presented in the unconsolidated financial statements of ABB Ltd, prepared in accordance with Swiss law. At December 31, 2025, the total unconsolidated stockholders' equity of ABB Ltd was 4,955 million Swiss francs ($6,251 million), including 221 million Swiss francs ($279 million) representing share capital, 5,975 million Swiss francs ($7,537 million) representing reserves and 1,241 million Swiss francs ($1,565 million) representing a reduction of equity for treasury shares. Of these amounts, 1,241 million Swiss francs ($1,565 million) relating to treasury shares and 44 million Swiss francs ($56 million) representing 20 percent of share capital, at December 31, 2025, are restricted by law and not available for distribution.

Treasury stock transactions

In March 2023, the Company announced a share buyback program of up to $1 billion. This program, which was launched in April 2023, was executed on a second trading line on the SIX Swiss Exchange and was completed in March 2024. In March 2024, the Company announced a share buyback program of up to $1 billion. This program, which was launched in April 2024, was executed on a second trading line on the SIX Swiss Exchange and was completed in January 2025. In February 2025, the Company announced a share buyback program of up to $1.5 billion. This program, which was launched in February 2025, was executed on a second trading line on the SIX Swiss Exchange and was completed in January 2026.

Under these buyback programs, in 2025 and 2024, the Company purchased 22 million and 19 million, respectively, of its own shares, resulting in an increase in Treasury stock of $1,314 million and $1,007 million, respectively.

In 2024, the Company cancelled 21 million shares which had been purchased under its share buyback programs. This resulted in a decrease in Treasury stock of $832 million and a corresponding combined decrease in Common stock, Additional paid-in capital and Retained earnings. In 2025, the Company cancelled 17 million shares which had been purchased under its share buyback programs. This resulted in a decrease in Treasury stock of $894 million and a corresponding combined decrease in Common stock, Additional paid-in capital and Retained earnings.

In addition to the share buyback programs, in 2025 and 2024, the Company purchased 3 million and 5 million, respectively, of its own shares on the open market, mainly for use in connection with its employee share plans, resulting in an increase in Treasury stock of $171 million and $244 million, respectively.

Obligations to issue shares relating to employee incentive programs

At December 31, 2025, the Company had outstanding obligations to deliver:

- up to 2 million shares relating to the ESAP, vesting and expiring in October 2026,
- up to 5 million shares to Eligible Participants under the 2025, 2024 and 2023, launches of the LTIP, vesting and expiring in April 2028, April 2027 and April 2026, respectively, and
- less than 1 million shares in connection with certain other share-based payment arrangements with employees.

See Note 19 for a description of the above share-based payment arrangements.

In 2025 and 2024, the Company delivered 1.3 million and 17 million shares, respectively, out of treasury stock, for options exercised in relation to its Management Incentive Plan. In addition, in 2025 and 2024, the Company delivered 1.2 million and 1.5 million shares, respectively, out of treasury stock for options exercised in relation to the ESAP.

Note 21
Earnings per share

Basic earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise outstanding written call options and outstanding options and shares granted subject to certain conditions under the Company's share-based payment arrangements. In 2025 and 2024, outstanding securities representing a maximum of 2 million shares were excluded from the calculation of diluted earnings per share as their inclusion would have been antidilutive.

Basic earnings per share

($ in millions, except per share data in $)	2025	2024
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	4,561	3,709
Income from discontinued operations, net of tax	173	226
Net income	**4,734**	**3,935**
Weighted-average number of shares outstanding (in millions)	**1,827**	**1,844**
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.50	2.01
Income from discontinued operations, net of tax	0.09	0.12
Net income	**2.59**	**2.13**

Diluted earnings per share

($ in millions, except per share data in $)	2025	2024
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	4,561	3,709
Income from discontinued operations, net of tax	173	226
Net income	**4,734**	**3,935**
Weighted-average number of shares outstanding (in millions)	1,827	1,844
Effect of dilutive securities:		
Call options and shares	4	7
Adjusted weighted-average number of shares outstanding (in millions)	**1,831**	**1,851**
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	2.49	2.00
Income from discontinued operations, net of tax	0.09	0.12
Net income	**2.59**	**2.13**

Note 22
Other comprehensive income

The following table includes amounts recorded within Total other comprehensive income including the related income tax effects:

($ in millions)	2025 Before tax	2025 Tax effect	2025 Net of tax	2024 Before tax	2024 Tax effect	2024 Net of tax
Foreign currency translation adjustments:						
Foreign currency translation adjustments	88	5	**93**	(317)	(2)	**(319)**
Net loss on complete or substantially complete liquidations of foreign subsidiaries	—	—	**—**	14	—	**14**
Changes attributable to divestments	(8)	—	**(8)**	9	—	**9**
Net change during the year	**80**	**5**	**85**	**(294)**	**(2)**	**(296)**
Available-for-sale securities:						
Net unrealized gains (losses) arising during the year	3	—	**3**	1	—	**1**
Reclassification adjustments for net (gains) losses included in net income	—	—	**—**	5	(1)	**4**
Net change during the year	**3**	**—**	**3**	**6**	**(1)**	**5**
Pension and other postretirement plans:						
Prior service (costs) credits arising during the year	(13)	—	**(13)**	(15)	5	**(10)**
Net actuarial gains (losses) arising during the year	(19)	—	**(19)**	(24)	(13)	**(37)**
Amortization of prior service cost (credit) included in net income	(3)	—	**(3)**	(11)	1	**(10)**
Amortization of net actuarial loss included in net income	59	(6)	**53**	66	(19)	**47**
Net gains (losses) from settlements and curtailments included in net income	—	—	**—**	(8)	2	**(6)**
Net change during the year	**24**	**(6)**	**18**	**8**	**(24)**	**(16)**
Derivative instruments and hedges:						
Net gains (losses) arising during the year	(3)	—	**(3)**	(10)	2	**(8)**
Reclassification adjustments for net (gains) losses included in net income	7	—	**7**	10	—	**10**
Net change during the year	**4**	**—**	**4**	**—**	**2**	**2**
Total other comprehensive income (loss)	**111**	**(1)**	**110**	**(280)**	**(25)**	**(305)**

The following table shows changes in Accumulated other comprehensive loss (OCI) attributable to ABB, by component, net of tax:

($ in millions)	Foreign currency translation adjustment	Unrealized gains (losses) on available-for-sale securities	Pension and other post-retirement plan adjustments	Derivative instruments and hedges	Accumulated other comprehensive loss
Balance at January 1, 2024	**(3,977)**	**(8)**	**(1,075)**	**(10)**	**(5,070)**
Other comprehensive (loss) income before reclassifications	(319)	1	(47)	(8)	**(373)**
Amounts reclassified from OCI	23	4	31	10	**68**
Total other comprehensive (loss) income	**(296)**	**5**	**(16)**	**2**	**(305)**
Less:					
Amounts attributable to noncontrolling interests and redeemable noncontrolling interests	(25)	—	—	—	**(25)**
Balance at December 31, 2024	**(4,248)**	**(3)**	**(1,091)**	**(8)**	**(5,350)**
Other comprehensive (loss) income before reclassifications	93	3	(32)	(3)	**61**
Amounts reclassified from OCI	(8)	—	50	7	**49**
Total other comprehensive (loss) income	**85**	**3**	**18**	**4**	**110**
Less:					
Amounts attributable to noncontrolling interests	13	—	—	—	**13**
Balance at December 31, 2025	**(4,176)**	**—**	**(1,073)**	**(4)**	**(5,253)**

The following table reflects amounts reclassified out of OCI in respect of Foreign currency translation adjustments and Pension and other postretirement plan adjustments:

($ in millions) Details about OCI components	Location of (gains) losses reclassified from OCI	2025	2024
Foreign currency translation adjustments:			
Net loss on complete or substantially complete liquidations of foreign subsidiaries	Other income (expense), net	—	14
Changes attributable to divestments	Other income (expense), net	(8)	9
Amounts reclassified from OCI		**(8)**	**23**
Pension and other postretirement plan adjustments:			
Amortization of prior service cost (credit)	Non-operational pension (cost) credit	(3)	(11)
Amortization of net actuarial loss	Non-operational pension (cost) credit	59	66
Net losses from settlements and curtailments	Non-operational pension (cost) credit	—	(8)
Total before tax		**56**	**47**
Tax	Income tax expense	(6)	(16)
Amounts reclassified from OCI		**50**	**31**

The amounts reclassified out of OCI in respect of Unrealized gains (losses) on available-for-sale securities and Derivative instruments and hedges were not significant in 2025 and 2024.

Note 23
Operating segment and geographic data

The Chief Operating Decision Maker (CODM) is the Chief Executive Officer. The CODM allocates resources to and assesses the performance of each operating segment using the information outlined below. The Company is organized into the following segments, based on products and services: Electrification, Motion and Automation. The remaining operations of the Company are included in Corporate and Other.

Effective January 1, 2025, the Company changed its accounting policy related to the functional classification of information system expenses in the income statement. Under the new policy, information systems expenses are now allocated to the relevant income statement caption based on the nature of the underlying system and the Total segment assets of each individual operating segment have been retroactively restated for the impact of the policy change on Inventories and the related deferred tax balance (see Note 2).

On October 8, 2025, the Company entered into an agreement to divest its Robotics division. As a result of the planned divestment, the Company announced a reorganization of its operating segments into three business areas. Following the announcement to divest its Robotics division, the Company reclassified the results of operations for this division, formerly part of the Robotics & Discrete Automation segment, and certain related amounts previously included in Corporate and Other to discontinued operations (see Note 3). The Process Automation segment, renamed the Automation segment, remains unchanged except that it now includes the Machine Automation division from the former Robotics & Discrete Automation segment.

The segment information for 2024, and at December 31, 2024, has been recast to reflect these changes.

A description of the types of products and services provided by each reportable segment is as follows:

- Electrification: manufactures and sells electrical products and solutions which are designed to provide the efficient and reliable distribution of electricity from source to socket. The portfolio of increasingly digital and connected solutions includes renewable power solutions, modular substation packages, distribution automation products, switchboards and panelboards, switchgear, UPS solutions, circuit breakers, measuring and sensing devices, control products, wiring accessories, enclosures and cabling systems and intelligent home and building solutions, designed to integrate and automate lighting, heating, ventilation, security and data communication networks. The products and services are delivered through five operating divisions: Distribution Solutions, Smart Power, Smart Buildings, Installation Products, and Service.

- Motion: designs, manufactures and sells drives, motors, generators and traction converters that are driving the low-carbon future for industries, cities, infrastructure and transportation. These products, digital technology and related services enable industrial customers to increase energy efficiency, improve safety and reliability, and achieve precise control of their processes. Building on over 140 years of cumulative experience in electric powertrains, Motion combines domain expertise and technology to deliver the optimum solution for a wide range of applications in all industrial segments. In addition, Motion, along with its partners, has a leading global service presence. These products and services are delivered through six operating divisions: Motion High Power, Drive Products, Motion Services, Traction, IEC LV Motors and NEMA Motors.

- Automation: offers a broad range of industry-specific, integrated automation, electrification and digital solutions, as well as lifecycle services for the process, hybrid and marine industries. The product portfolio includes control technologies; process, machine and factory automation; industrial software; advanced analytics; sensing and measurement technology; and marine propulsion systems. In addition, Automation offers a comprehensive range of services, from repair to advanced digital capabilities such as remote monitoring, preventive maintenance, asset performance management, emission monitoring and cybersecurity. The products, systems and services are currently delivered through five operating divisions: Energy Industries, Process Industries, Marine & Ports, Measurement & Analytics and Machine Automation.

Corporate and Other: Corporate includes headquarter costs, the Company's corporate real estate activities and Corporate Treasury while Other includes the E-mobility operating segment and other non-core operating activities as well as the operating activities of certain divested businesses and stranded corporate costs related to the planned divestment of the Robotics division.

The primary measure of profitability on which the operating segments are evaluated is Operational EBITA, which represents income from operations excluding:

- amortization expense on intangibles arising upon acquisition (acquisition-related amortization),
- restructuring, related and implementation costs,
- changes in the amount recorded for obligations related to divested businesses occurring after the divestment date (changes in obligations related to divested businesses),
- gains and losses from sale of businesses (including fair value adjustment on assets and liabilities held for sale, if any),
- acquisition- and divestment-related expenses and integration costs,
- certain other non-operational items, as well as
- foreign exchange/commodity timing differences in income from operations consisting of: (a) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (b) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (c) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities).

Certain other non-operational items generally includes certain regulatory, compliance and legal costs, certain asset write downs/impairments and certain other fair value changes, as well as other items which are determined by management on a case-by-case basis.

For all operating segments, the primary performance measure the CODM uses to allocate resources (including capital expenditure and financial resources) and assess performance as part of the monthly business review process is Operational EBITA. As part of this review process, current year-to-date budget-to-actual variances are provided (inclusive of key deviations) along with forecasted annual expectations and plans to address any negative variances. Operational EBITA is also used to assess segment performance against targets set in the annual incentive plans as part of the compensation of the Company's employees.

The CODM primarily reviews the results of each segment on a basis that is before the elimination of profits made on inventory sales between segments. Segment results below are presented before these eliminations, with a total deduction for intersegment profits to arrive at the Company's consolidated Operational EBITA. Intersegment sales and transfers are accounted for as if the sales and transfers were to third parties, at current market prices.

For a category of expense to be classified as a significant segment expense, it must be significant to the segment, regularly provided to or easily computed from information regularly provided to the CODM and included in the primary measure of profitability. Significant segment expenses include Operational cost of sales, Operational selling, general and administrative expenses, and Operational non-order related research and development costs, which respectively are comprised of Cost of sales, Selling, general and administrative expenses (excluding bad debt expense), and Non-order related research and development costs, with each of these expense categories being adjusted to exclude any costs incurred on behalf of other segments and any relevant non-operational items (as defined above).

Other segment items represent Other income (expense) excluding its respective components of non-operational items (as defined above), bad debt expense, and foreign exchange/commodity timing differences in total revenues.

The following tables present disaggregated segment revenues from contracts with customers, significant segment expenses, and Operational EBITA for 2025 and 2024:

	2025				
($ in millions)	**Electrification**	**Motion**	**Automation**	**Corporate and Other[1]**	**Total**
Geographical markets					
Europe	5,150	2,610	3,438	209	**11,407**
The Americas	7,589	2,663	2,024	148	**12,424**
of which: United States	6,082	2,185	1,306	87	**9,660**
Asia, Middle East and Africa	4,348	2,407	2,569	65	**9,389**
of which: China	1,793	1,098	742	17	**3,650**
	17,087	**7,680**	**8,031**	**422**	**33,220**
Product type					
Products	15,838	6,495	5,013	323	**27,669**
Services and other	1,249	1,185	3,018	99	**5,551**
	17,087	**7,680**	**8,031**	**422**	**33,220**
Third-party revenues	17,087	7,680	8,031	422	**33,220**
Intersegment revenues	270	567	53	(890)	**—**
Total revenues	**17,357**	**8,247**	**8,084**	**(468)**	**33,220**
Operational cost of sales	(10,054)	(5,096)	(4,946)		
Operational selling, general and administrative expenses	(2,793)	(1,240)	(1,561)		
Operational non-order related research and development expenses	(487)	(319)	(414)		
Other segment items	58	8	(31)		
Operational EBITA	**4,081**	**1,600**	**1,132**		

	2024				
($ in millions)	**Electrification**	**Motion**	**Automation**	**Corporate and Other[1]**	**Total**
Geographical markets					
Europe	4,566	2,241	3,110	221	**10,138**
The Americas	6,577	2,618	1,970	205	**11,370**
of which: United States	5,128	2,122	1,232	141	**8,623**
Asia, Middle East and Africa	4,047	2,353	2,577	98	**9,075**
of which: China	1,777	1,098	808	22	**3,705**
	15,190	**7,212**	**7,657**	**524**	**30,583**
Product type					
Products	14,129	6,060	4,865	477	**25,531**
Services and other	1,061	1,152	2,792	47	**5,052**
	15,190	**7,212**	**7,657**	**524**	**30,583**
Third-party revenues	15,190	7,212	7,657	524	**30,583**
Intersegment revenues	258	575	35	(868)	**—**
Total revenues	**15,448**	**7,787**	**7,692**	**(344)**	**30,583**
Operational cost of sales	(9,078)	(4,924)	(4,803)		
Operational selling, general and administrative expenses	(2,462)	(1,087)	(1,418)		
Operational non-order related research and development expenses	(436)	(310)	(400)		
Other segment items	48	52	9		
Operational EBITA	**3,520**	**1,518**	**1,080**		

(1) The amounts shown for "Intersegment revenues" within Corporate and Other primarily represents the consolidated intersegment revenue elimination. These amounts include intersegment revenues of $40 million and $33 million for 2025 and 2024, respectively.

Revenues by geography reflect the location of the ultimate destination of the products' end use, if known, or the location of the customer. In 2025 and 2024, the United States and China are the only countries where revenue exceeded 10 percent of total revenues. In each of 2025 and 2024, more than 98 percent of the Company's total revenues were generated from customers outside Switzerland.

The following tables present Operational EBITA, the reconciliations of consolidated Operational EBITA to Income from continuing operations before taxes, as well as Depreciation and amortization, and Capital expenditures for 2025 and 2024, and Total assets at December 31, 2025 and 2024:

($ in millions)	2025	2024
Operational EBITA:		
Electrification	4,081	3,520
Motion	1,600	1,518
Automation	1,132	1,080
Corporate and Other:		
— E-mobility	(148)	(273)
— Stranded corporate costs	(123)	(123)
— Corporate costs, intersegment elimination and other	(228)	(150)
Total	**6,314**	**5,572**
Acquisition-related amortization	(185)	(194)
Restructuring, related and implementation costs[1]	(92)	(160)
Changes in obligations related to divested businesses	3	10
Gains and losses from sale of businesses	(3)	57
Fair value adjustment on assets and liabilities held for sale	—	(113)
Acquisition- and divestment-related expenses and integration costs	(55)	(57)
Foreign exchange/commodity timing differences in income from operations:		
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	210	(109)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	3	3
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(16)	39
Certain other non-operational items:		
Other income/expenses relating to the Power Grids joint venture	6	16
Regulatory, compliance and legal costs	29	2
Business transformation costs[2]	(166)	(204)
Certain other fair value changes, including asset impairments	5	(107)
Other non-operational items	(6)	(20)
Income from operations	**6,047**	**4,735**
Interest and dividend income	203	206
Interest and other finance expense	(86)	(74)
Non-operational pension (cost) credit	55	56
Income from continuing operations before taxes	**6,219**	**4,923**

(1) Includes impairment of certain assets.
(2) Amounts in 2025 and 2024 include ABB Way process transformation costs of $144 million and $199 million, respectively.

	Depreciation and amortization		Capital expenditures[1]		Total assets[2] at December 31,	
($ in millions)	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Electrification	445	395	636	472	15,088	13,089
Motion	176	161	203	191	7,648	6,870
Automation	119	131	80	82	7,070	6,647
Corporate and Other	73	74	82	54	15,079	13,682
Consolidated	**813**	**761**	**1,001**	**799**	**44,885**	**40,288**

(1) Capital expenditures and Total assets are after intersegment eliminations and therefore reflect third-party activities only.
(2) At December 31, 2025 and 2024, respectively, Corporate and Other includes $3,562 million and $3,323 million of assets reported in discontinued operations (see Note 3).

Other geographic information

Geographic information for long-lived assets was as follows:

	Long-lived assets at December 31,	
($ in millions)	**2025**	**2024**
Europe	3,126	2,633
The Americas	1,523	1,311
Asia, Middle East and Africa	808	794
Total	**5,457**	**4,738**

Long-lived assets represent Property, plant and equipment and Operating lease right-of-use assets and are shown by location of the assets. At December 31, 2025, approximately 19 percent and 9 percent of the Company's long-lived assets were located in the United States and Switzerland, respectively. At December 31, 2024, approximately 20 percent and 9 percent of the Company's long-lived assets were located in the United States and Switzerland, respectively.

Note 24
Subsequent events

Sale of property

On January 27, 2026, the Company completed the sale of a commercial property located in Zurich, Switzerland, for proceeds of approximately CHF 330 million, resulting in an estimated gain of CHF 290 million before tax (equivalent to $427 million and $377 million, respectively, on date of sale). The Company has evaluated this subsequent event and determined that it does not require adjustment to the financial statements for 2025.

Stockholders' equity

In January 2026, the Company announced that a proposal will be put to the 2026 AGM for approval by the shareholders to distribute 0.94 Swiss francs per share to shareholders.

Statutory Auditor's Report

To the General Meeting of ABB Ltd, Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ABB Ltd and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2025 and 2024, the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in stockholders' equity, and consolidated statement of cash flows for each of the years ended December 31, 2025 and 2024, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 53 to 117) present fairly, in all material respects, the financial position of the Group as at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years ended December 31, 2025 and 2024, in conformity with U.S. generally accepted accounting principles (U.S. GAAP) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Revenue recognition for certain long-term fixed-price contracts using percentage-of-completion method

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Revenue recognition for certain long-term fixed-price contracts using percentage-of-completion method

Key Audit Matter

The Group recognizes a portion of its revenues from the sale of customized products, including long-term fixed-price contracts for integrated automation and electrification systems and solutions that are generally recognized on an over time basis using the percentage-of-completion method of accounting.

We identified the determination of estimated costs to complete related to revenue recognition of certain long-term fixed-price contracts using the percentage-of-completion method of accounting as a key audit matter. In particular, a high degree of subjective auditor judgment was required to evaluate the Group's estimate regarding the amount of future direct materials, labor and subcontractor costs, as well as indirect costs to complete the contracts.

Our response

As part of our audit, we obtained an understanding of the Group's accounting process specific to fixed-price contracts which are recognized using the percentage-of-completion method. We evaluated the design and implementation of certain internal controls over the development of estimates regarding the amount of future direct materials, labor and subcontractor costs, as well as indirect costs.

We assessed the Group's historical ability to accurately estimate costs to complete by comparing historical estimate-to-actual results for a selection of long-term contracts. We evaluated the estimate of remaining costs to be incurred for a selection of contracts by assessing progress to date and the nature and complexity of work to be performed through interviewing project managers and inspecting correspondence, if any, between the Group and the customers and/or subcontractors.

For further information on Revenue recognition for certain long-term fixed-price contracts using percentage-of-completion method refer to the following:

— Note 2 Significant accounting policies

KPMG

Other Information in the ABB Annual Reporting Suite

The Board of Directors is responsible for the other information. The other information comprises the information included in the ABB Annual Reporting Suite (consisting of the Integrated Report, the Financial Report, the Corporate Governance Report, the Compensation Report, and the Sustainability Statement), but does not include the consolidated financial statements, the statutory financial statements of ABB Ltd, the audited content of the Compensation Report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

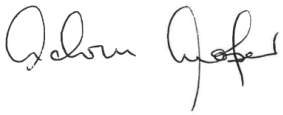
From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG



Achim Wolper
Licensed Audit Expert
Auditor in Charge



Mohamad Midani

Zurich, Switzerland
February 18, 2026

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03

ABB LTD STATUTORY FINANCIAL STATEMENTS

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ABB LTD MANAGEMENT REPORT 2025

ABB Ltd is the holding company of the ABB Group, owning directly or indirectly all subsidiaries globally. The major business activities during 2025 can be summarized as follows:

Management services

The Company provided management services to Group companies for CHF 21 million.

Share transactions

- share deliveries in relation to employee share programs of CHF 172 million
- share cancellations of CHF 806 million, for shares repurchased under the 2024 share buyback program
- share repurchases of CHF 1,094 million for cancellation purposes in 2025
- share repurchases for employee share programs of CHF 140 million

Dividend distribution to external shareholders

- from retained earnings brought forward of CHF 1,504 million

Other information

In 2025, the Company employed on average 16 employees.

Once a year, the Company's Board of Directors performs a risk assessment in accordance with the Group's risk management process and discusses appropriate actions if necessary.

The Company does not carry out any research and development activities.

In 2026, the Company will continue to operate as the holding company of the ABB Group. No change of business is expected.

February 18, 2026

FINANCIAL STATEMENTS 2025

INCOME STATEMENT

Year ended December 31 (CHF in thousands)	Note	2025	2024
Dividend income	7	3,100,000	2,600,000
Finance income		28,927	60,257
Other operating income	8	26,307	32,935
Gain on sale of participation	2	7,449	8,019
Total income		**3,162,683**	**2,701,211**
Finance expense		(43,548)	(193,820)
Personnel expenses		(42,802)	(55,904)
Other operating expenses	9	(20,761)	(17,781)
Total expenses		**(107,111)**	**(267,505)**
Net income before taxes		**3,055,572**	**2,433,706**
Income taxes		(7,010)	—
Net income		**3,048,562**	**2,433,706**

BALANCE SHEET

December 31 (CHF in thousands)	Note	2025	2024
Cash		188	302
Cash deposit with ABB Capital Ltd		1,316,908	391,648
Non-trade receivables		35	1,137
Non-trade receivables – Group		76,865	87,672
Short-term loans – Group		19,818	22,628
Accrued income and prepaid expenses		260	188
Accrued income and prepaid expenses – Group		61	43
Total current assets		**1,414,135**	**503,618**
Long-term loans – Group		198,175	248,902
Participations	2	5,709,367	5,709,367
Other non-current assets		5,057	3,839
Total non-current assets		**5,912,599**	**5,962,108**
Total assets		**7,326,734**	**6,465,726**
Interest-bearing liabilities	4	325,000	150,003
Interest-bearing liabilities – Group	4	19,818	22,628
Non-trade payables		26,093	25,184
Non-trade payables – Group		2,018	8,976
Current provisions		—	8,545
Deferred income and accrued expenses		28,514	28,414
Deferred income and accrued expenses – Group		1,499	4,243
Total current liabilities		**402,942**	**247,993**
Interest-bearing liabilities	4	1,770,270	1,495,399
Interest-bearing liabilities – Group	4	198,175	248,902
Total non-current liabilities		**1,968,445**	**1,744,301**
Total liabilities		**2,371,387**	**1,992,294**
Share capital	6	221,268	223,274
Legal retained earnings	6	1,000,000	1,000,000
Treasury shares	6	(1,240,521)	(984,382)
Available earnings			
Retained earnings brought forward	6	1,926,038	1,800,834
Net income		3,048,562	2,433,706
Total shareholders' equity		**4,955,347**	**4,473,432**
Total liabilities and shareholders' equity		**7,326,734**	**6,465,726**

NOTES TO THE FINANCIAL STATEMENTS

Note 1
General

ABB Ltd, Zurich, Switzerland (the Company) is the parent company of the ABB Group. Its stand-alone financial statements are prepared in accordance with Article 957 et seqq. of Title 32 of the Swiss Code of Obligations.

Group companies are all companies which are directly or indirectly controlled by the Company and any variable interest entities if it is determined that the Company is the primary beneficiary.

Note 2
Participations

			2025		2024	
Company name	Purpose	Domicile	Share capital	Ownership and voting rights	Share capital	Ownership and voting rights
ABB Asea Brown Boveri Ltd	Holding	CH-Zurich	CHF 2,767,880,000	100.00%	CHF 2,767,880,000	100.00%

Participations are valued at the lower of cost or fair value, using generally accepted valuation principles.

In 2025 and 2024, adjustments of CHF 7 million and CHF 8 million, respectively, were recorded in “Gain on sale of participation” related to the sale of the Power Grids business.

Note 3
Indirect Participations

The following table sets forth the name, country of incorporation, ownership and voting rights, as well as share capital, of the significant indirect subsidiaries of the Company, as of December 31, 2025 and 2024.

Company name/Location	Country	Company ownership and voting rights % 2025	Share capital in thousands 2025	Company ownership and voting rights % 2024	Share capital in thousands 2024	Currency
ABB S.A.U., Buenos Aires	Argentina	100.00	25,659,498	100	25,659,498	ARS
ABB Australia Pty Limited, Moorebank	Australia	100.00	71,218	100.00	71,218	AUD
ABB Group Investment Management Pty. Ltd., Moorebank	Australia	100.00	403,318	100.00	403,318	AUD
ABB AG, Wiener Neudorf	Austria	100.00	15,000	100.00	15,000	EUR
B&R Holding GmbH, Eggelsberg	Austria	100.00	35	100.00	35	EUR
B&R Industrial Automation GmbH, Eggelsberg	Austria	100.00	1,240	100.00	1,240	EUR
ABB NV, Diegem, Machelen[6]	Belgium	100.00	34,000	100.00	4,000	EUR
ABB AUTOMAÇÃO LTDA., Sorocaba	Brazil	100.00	191,039	100.00	191,039	BRL
ABB ELETRIFICAÇÃO LTDA., Sorocaba	Brazil	100.00	268,759	100.00	268,759	BRL

Company name/Location	Country	Company ownership and voting rights % 2025	Share capital in thousands 2025	Company ownership and voting rights % 2024	Share capital in thousands 2024	Currency
ABB Bulgaria EOOD, Sofia	Bulgaria	100.00	65,110	100.00	65,110	BGN
ABB Electrification Canada Inc., Saint-Laurent	Canada	100.00	—[1]	100.00	—[1]	CAD
ABB Inc., Saint-Laurent	Canada	100.00	—[1]	100.00	—[1]	CAD
ABB S.A., Santiago	Chile	100.00	5,484,348	100.00	5,484,348	CLP
ABB (China) Investment Limited, Beijing	China	100.00	95,000	100.00	95,000	USD
ABB (China) Ltd., Beijing	China	100.00	140,000	100.00	140,000	USD
ABB Beijing Drive Systems Co. Ltd., Beijing	China	90.00	5,000	90.00	5,000	USD
ABB Beijing Switchgear Limited, Beijing	China	60.00	16,500	60.00	16,500	USD
ABB Electrical Machines Ltd., Shanghai	China	100.00	14,400	100.00	14,400	USD
ABB Engineering (Shanghai) Ltd., Shanghai	China	100.00	40,000	100.00	40,000	USD
ABB LV Installation Materials Co. Ltd. Beijing, Beijing	China	85.70	17,100	85.70	17,100	USD
ABB Shanghai Free Trade Zone Industrial Co., Ltd., Shanghai	China	100.00	6,500	100.00	6,500	CNY
ABB Shanghai Motors Co. Ltd., Shanghai	China	75.00	11,217	75.00	11,217	USD
ABB Xiamen Low Voltage Equipment Co. Ltd., Xiamen	China	100.00	15,800	100.00	15,800	USD
ABB Xiamen Switchgear Co. Ltd., Xiamen	China	66.52	29,500	66.52	29,500	USD
ABB Xinhui Low Voltage Switchgear Co. Ltd., Xinhui	China	90.00	6,200	90.00	6,200	USD
ABB s.r.o., Prague	Czech Republic	100.00	400,000	100.00	400,000	CZK
ABB A/S, Middelfart	Denmark	100.00	100,000	100.00	100,000	DKK
ABB for Electrical Industries (ABB ARAB) S.A.E., Cairo	Egypt	100.00	353,479	100.00	353,479	EGP
Asea Brown Boveri S.A.E., Cairo	Egypt	100.00	166,000	100.00	166,000	USD
ABB AS, Jüri	Estonia	100.00	1,663	100.00	1,663	EUR
ABB Oy, Helsinki	Finland	100.00	10,003	100.00	10,003	EUR
ABB France, Cergy Pontoise	France	99.84	25,778	99.84	25,778	EUR
ABB SAS, Cergy Pontoise	France	100.00	45,921	100.00	45,921	EUR
ABB AG, Mannheim	Germany	100.00	167,500	100.00	167,500	EUR
ABB Beteiligungs- und Verwaltungsgesellschaft mbH, Mannheim	Germany	100.00	61,355	100.00	61,355	EUR
ABB Stotz-Kontakt GmbH, Heidelberg	Germany	—[2]	—[2]	100.00	7,500	EUR
ABB Striebel & John GmbH, Sasbach	Germany	—[2]	—[2]	100.00	1,050	EUR
B&R Industrie-Elektronik GmbH, Friedberg[5]	Germany	100.00	358	100.00	358	EUR
Busch-Jaeger Elektro GmbH, Lüdenscheid	Germany	—[2]	—[2]	100.00	1,535	EUR
Asea Brown Boveri Industrial, Technical & Commercial Company of Imports – Exports S.A., Metamorphossis Attica	Greece	100.00[3]	1,721[3]	—	—	EUR
ABB Business Services Private Limited, Bangalore	India	100.00	5,200,100	100.00	5,200,100	INR
ABB Global Industries and Services Private Limited, Bangalore	India	100.00	366,923	100.00	366,923	INR
ABB India Limited, Bangalore	India	75.00	423,817	75.00	423,817	INR
ABB Limited, Dublin	Ireland	100.00	635	100.00	635	EUR
ABB E-mobility S.p.A., Milan	Italy	74.49	20,000	74.34	20,000	EUR
ABB S.p.A., Milan	Italy	100.00	110,000	100.00	110,000	EUR
ABB K.K., Tokyo	Japan	100.00	1,000,000	100.00	1,000,000	JPY
ABB Ltd., Seoul	Korea, Republic of	100.00	16,950,000	100.00	16,950,000	KRW
ABB Malaysia Sdn Bhd., Petaling Jaya	Malaysia	100.00[3]	3,500[3]	—	—	MYR
ABB Electrical Control Systems S. de R.L. de C.V., Monterrey	Mexico	100.00	712,463	100.00	712,463	MXN
ABB Mexico S.A. de C.V., San Luis Potosi	Mexico	100.00	1,135,752	100.00	1,135,752	MXN
Asea Brown Boveri S.A. de C.V., San Luis Potosi	Mexico	100.00	1,517,686	100.00	667,686	MXN
ABB B.V., Rotterdam	Netherlands	100.00	9,200	100.00	9,200	EUR
ABB E-mobility B.V., Delft	Netherlands	74.49	1	74.34	1	EUR
ABB Finance B.V., Rotterdam	Netherlands	100.00	20	100.00	20	EUR
ABB Holdings B.V., Rotterdam	Netherlands	100.00	363	100.00	363	EUR
ABB AS, Fornebu	Norway	100.00	134,550	100.00	134,550	NOK
ABB Electrification Norway AS, Skien	Norway	100.00	60,450	100.00	60,450	NOK
ABB Holding AS, Fornebu	Norway	100.00	240,000	100.00	240,000	NOK

Company name/Location	Country	Company ownership and voting rights % 2025	Share capital in thousands 2025	Company ownership and voting rights % 2024	Share capital in thousands 2024	Currency
ABB Business Services Sp. z o.o., Warsaw	Poland	99.94	24	99.94	24	PLN
ABB Sp. z o.o., Warsaw	Poland	99.94	320,765	99.94	245,461	PLN
Industrial C&S of P.R. LLC, Arecibo	Puerto Rico	100.00	—(1)	100.00	—(1)	USD
ABB Electrical Industries Co. Ltd., Riyadh	Saudi Arabia	65.00	100,000	65.00	100,000	SAR
ABB Pte. Ltd., Singapore	Singapore	100.00	32,797	100.00	32,797	SGD
ABB Holdings (Pty) Ltd., Modderfontein	South Africa	100.00	217,758	100.00	217,758	ZAR
ABB Investments (Pty) Ltd., Modderfontein	South Africa	51.00	185,978	51.00	185,978	ZAR
ABB South Africa (Pty) Ltd., Modderfontein	South Africa	74.91	3,835,544	74.91	3,835,544	ZAR
Asea Brown Boveri S.A.U., Madrid(4)	Spain	100.00	18,245	100.00	33,318	EUR
ABB AB, Västerås	Sweden	100.00	200,000	100.00	200,000	SEK
ABB Electrification Sweden AB, Västerås	Sweden	100.00	10,000	100.00	10,000	SEK
ABB Norden Holding AB, Västerås	Sweden	100.00	2,344,783	100.00	2,344,783	SEK
ABB Capital AG, Zurich	Switzerland	100.00	100	100.00	100	CHF
ABB E-mobility Holding Ltd, Zurich	Switzerland	74.49	1,138	74.34	1,138	CHF
ABB Schweiz AG, Baden	Switzerland	100.00	55,000	100.00	55,000	CHF
ABB Verwaltungs AG, Zurich	Switzerland	100.00(3)	1,000(3)	—	—	CHF
ABB Ltd., Taipei	Taiwan (Chinese Taipei)	100.00	195,000	100.00	195,000	TWD
ABB Elektrik Sanayi A.S., Istanbul	Turkiye	99.99	665,000	99.99	165,000	TRY
ABB Industries (L.L.C.), Dubai	United Arab Emirates	100.00	5,000	100.00	5,000	AED
ABB Industries FZE, Dubai	United Arab Emirates	100.00	3,000	100.00	3,000	AED
ABB Transmission & Distribution Limited LLC, Abu Dhabi, Abu Dhabi	United Arab Emirates	49.00(3)	18,500(3)	—	—	AED
ABB Holdings Limited, Warrington	United Kingdom	100.00	226,014	100.00	226,014	GBP
ABB Limited, Warrington	United Kingdom	100.00	120,000	100.00	120,000	GBP
ABB E-mobility Inc., Wilmington, DE	United States	74.49	—	74.34	—	USD
ABB Finance (USA) Inc., Wilmington, DE	United States	100.00	1	100.00	1	USD
ABB Holdings Inc., Cary, NC	United States	100.00	2	100.00	2	USD
ABB Inc., Cary, NC	United States	100.00	1	100.00	1	USD
ABB Installation Products Inc., Memphis, TN	United States	100.00	1	100.00	1	USD
ABB Motors and Mechanical Inc., Fort Smith, AR	United States	100.00	—(1)	100.00	—(1)	USD
ABB Treasury Center (USA), Inc., Wilmington, DE	United States	100.00	1	100.00	1	USD
Edison Holding Corporation, Wilmington, DE	United States	100.00	—(1)	100.00	—(1)	USD
Industrial Connections & Solutions LLC, Cary, NC	United States	100.00	—(1)	100.00	—(1)	USD

(1) Shares without par value.
(2) Participation was either sold, liquidated or merged in 2025.
(3) Based on the internal defined thresholds, these indirect participations are considered significant in the respective year.
(4) Name changed from Asea Brown Boveri S.A. to Asea Brown Boveri S.A.U.
(5) Name changed from B + R Industrie-Elektronik GmbH to B&R Industrie-Elektronik GmbH.
(6) Location changed from Zaventem to Diegem, Machelen.

Note 4
Interest-bearing liabilities

December 31 (CHF in thousands)		2025	2024
Bonds 2019 – 2029 1.0% coupon	nominal value	170,000	170,000
	premium on issuance	73	94
Bonds 2022 – 2025 2.10% coupon	nominal value	—	150,000
	premium on issuance	—	3
Bonds 2022 – 2027 0.75% coupon	nominal value	425,000	425,000
	premium on issuance	184	289
Bonds 2022 – 2030 2.375% coupon	nominal value	150,000	150,000
	premium on issuance	13	16
Bonds 2023 – 2026 1.965% coupon	nominal value	325,000	325,000
	premium on issuance	—	—
Bonds 2023 – 2028 1.9775% coupon	nominal value	150,000	150,000
	premium on issuance	—	—
Bonds 2023 – 2033 2.1125% coupon	nominal value	275,000	275,000
	premium on issuance	—	—
Bonds 2025 – 2032 0.8725% coupon	nominal value	350,000	—
	premium on issuance	—	—
Bonds 2025 – 2036 1.2762% coupon	nominal value	250,000	—
	premium on issuance	—	—
Loan 2024 – 2028 $275 million (in 2024 $300 million)		217,993	271,530
Total		**2,313,263**	**1,916,932**

Bonds are valued at nominal value. Any bond premium is accrued over the duration of the bond so that at maturity, the balance sheet amount equals the amount that is due to be paid.

In October 2025, the Company repaid at maturity its CHF 150 million 2.1% bonds.

In June 2025, the Company issued the following bonds: (i) CHF 350 million 0.8725% bonds due in 2032 and (ii) CHF 250 million 1.2762% bonds due in 2036. Each of the respective bonds pays interest annually. The Company has the option, three months before their maturity date, to redeem each of these bonds, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem the above bonds prior to maturity, in whole but not in part, at par plus accrued interest, if 85% or more of the aggregate principal amount of the relevant bond issue has been redeemed or purchased and cancelled at the time of the option exercise notice.

In September 2023, the Company issued the following bonds: (i) CHF 325 million 1.965% bonds due in 2026, (ii) CHF 150 million 1.9775% bonds due in 2028 and (iii) CHF 275 million 2.1125% bonds due in 2033. Each of the respective bonds pays interest annually. The Company has the option, three months before their maturity date, to redeem each of these bonds, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem the above bonds prior to maturity, in whole but not in part, at par plus accrued interest, if 85% or more of the aggregate principal amount of the relevant bond issue has been redeemed or purchased and cancelled at the time of the option exercise notice.

In October 2022, the Company issued CHF 150 million 2.375% bonds due in 2030. The interest on those bonds is paid annually. The Company has the option, three months before their maturity date, to redeem each of these bonds, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem the above bonds prior to maturity, in whole but not in part, at par plus accrued interest, if 85% or more of the aggregate principal amount of the relevant bond issue has been redeemed or purchased and cancelled at the time of the option exercise notice.

In March 2022, the Company issued CHF 425 million 0.75% bonds due in 2027. The interest on those bonds is paid annually. The Company has the option, one month before their maturity date, to redeem the bonds, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem the bonds prior to maturity, in whole but not in part, at par plus accrued interest, if 85% or more of the aggregate principal amount of the relevant bond issue has been redeemed or purchased and cancelled at the time of the option exercise notice.

In February 2019, the Company issued CHF 170 million 1.0% bonds due in 2029. The interest on those bonds is paid annually. The Company has the option, three months before their maturity date, to redeem the bonds, in whole but not in part, at par plus accrued interest. Further, the Company has the option to redeem the bonds prior to maturity, in whole but not in part, at par plus accrued interest, if 85% or more of the aggregate principal amount of the relevant bond issue has been redeemed or purchased and cancelled at the time of the option exercise notice.

In 2016, the Company entered into an 8-year borrowing agreement of USD 500 million with ABB Capital Ltd to hedge a USD 500 million loan granted to a Group Company. In 2024, the borrowing agreement was amended and extended by 4 years. Both the original and the extended agreement have an amortization schedule of USD 25 million per annum. The average interest rate in 2025 and 2024 was 5.31% and 6.20%, respectively.

Note 5
Contingent liabilities

With certain Group companies, the Company has keep-well agreements. A keep-well agreement is a shareholder agreement between the Company and a Group company. These agreements provide for maintenance of a minimum net worth in the Group company and the maintenance of 100% direct or indirect ownership by the Company.

The keep-well agreements additionally provide that if at any time the Group company has insufficient liquid assets to meet any payment obligation on its debt (as defined in the agreements) and has insufficient unused commitments under its credit facilities with its lenders, the Company will make available to the Group company sufficient funds to enable it to fulfill such payment obligation as it falls due. A keep-well agreement is not a guarantee by the Company for payment of the indebtedness, or any other obligation, of a Group company. No party external to the ABB Group is a party to any keep-well agreement.

The Company has also provided certain guarantees securing the payment obligations of certain Group companies in connection with debt issuance and commercial paper programs, indentures, or other debt instruments. The amount guaranteed under these instruments was CHF 4,285 million as of December 31, 2025, and CHF 4,494 million as of December 31, 2024.

Additionally, the Company has provided certain guarantees securing the performance of contracts and undertakings of Group companies with third parties entered into in the normal course of business with an aggregate value of CHF 63 million as per December 31, 2025, and CHF 72 million as per December 31, 2024.

Furthermore, the Company is the guarantor in the Group's USD 2 billion multicurrency revolving credit facility ("Group Facility"). In June 2025, the revolving credit facility maturing in 2026 was replaced with a new facility maturing in 2030, with the option in 2026 and 2027 to extend the maturity to 2031 and 2032, respectively. No amounts were drawn at December 31, 2025 and 2024, under either the new or old revolving credit facility.

The Company through certain of its direct and indirect subsidiaries is involved in various regulatory and legal matters. The Company's direct and indirect subsidiaries have made certain related provisions as further described in "Note 15 Commitments and contingencies" to the Consolidated Financial Statements of ABB Ltd. As described in the note, there is a risk of adverse outcomes beyond the provisioned amounts.

The Company is part of a value added tax group and therefore is jointly liable to the Swiss Federal Tax Department for the value added tax liabilities of the other members.

Note 6
Stockholders' equity

		Legal reserves	Available earnings			
(CHF in thousands)	Share capital	from retained earnings	from retained earnings brought forward	Net income	Treasury shares	Total
Opening balance at January 1, 2025	**223,274**	**1,000,000**	**1,800,834**	**2,433,706**	**(984,382)**	**4,473,432**
Allocation to retained earnings brought forward			2,433,706	(2,433,706)		**—**
Cancellation of shares	(2,006)		(804,109)		806,115	**—**
Dividend payment CHF 0.90 per share			(1,504,393)			**(1,504,393)**
Purchases of treasury shares					(1,233,807)	**(1,233,807)**
Delivery of treasury shares					171,553	**171,553**
Net income for the year				3,048,562		**3,048,562**
Closing balance at December 31, 2025	**221,268**	**1,000,000**	**1,926,038**	**3,048,562**	**(1,240,521)**	**4,955,347**

Share capital as of December 31, 2025	Number of registered shares	Par value (CHF)	Total (CHF in thousands)
Issued shares	1,843,899,204	0.12	221,268
Contingent shares	304,038,800	0.12	36,485
Capital Band available increase	196,474,500	0.12	23,577
Capital Band available decrease	(75,628,629)	0.12	(9,075)
Share capital as of December 31, 2024	**Number of registered shares**	**Par value (CHF)**	**Total (CHF in thousands)**
Issued shares	1,860,614,888	0.12	223,274
Contingent shares	304,038,800	0.12	36,485
Capital Band available increase	196,474,500	0.12	23,577
Capital Band available decrease	(92,344,313)	0.12	(11,081)

Treasury shares are valued at acquisition cost. During 2025, a gain from the delivery of treasury shares of CHF 14 million was recorded in the Income Statement under Finance income. During 2024, a loss from the delivery of treasury shares of CHF 116 million was recorded in the Income Statement under Finance expense.

During 2025, a bank holding call options related to ABB Group's management incentive plan (MIP) exercised these options. Such options had been issued in 2019 by the Group company that facilitates the MIP at fair value and had adjusted strike prices of CHF 17.63. At issuance, the Group company had entered into an intercompany option agreement with the Company, having the same terms and conditions to enable it to meet its future obligations. As a result of the exercise by the bank, the Company delivered 1,277,676 shares at CHF 17.63, out of treasury shares. During 2024, a bank holding call options related to ABB Group's MIP exercised a portion of these options. Such options had been issued in 2018 and 2019 by the Group company that facilitates the MIP at fair value and had adjusted strike prices of CHF 22.05 and CHF 17.63, respectively. At issuance, the Group company had entered into an intercompany option agreement with the Company, having the same terms and conditions to enable it to meet its future obligations. As a result of the exercise by the bank, the Company delivered 14,386,669 shares at CHF 22.05 and 2,398,642 shares at CHF 17.63, out of treasury shares.

The ABB Group has an annual employee share acquisition plan (ESAP) which provides share options to employees globally. To enable the Group company that facilitates the ESAP to deliver shares to employees who have exercised their stock options under the ESAP, the Group company entered into an agreement with the Company to acquire the required number of shares at their then market value from the Company.

Consequently, in 2025, the Company delivered, out of treasury shares, to the Group company 1,234,784 shares at CHF 56.40. In 2024, the Company delivered, out of treasury shares, to the Group company 1,531,249 shares at CHF 49.85.

In 2025 and 2024, the Company transferred 2,111,713 and 2,659,053 treasury shares at an average acquisition price per share of CHF 36.88 and CHF 33.15, respectively, to fulfill its obligations under other share-based arrangements.

In 2025, the Company purchased 3 million shares, for CHF 140 million, to support its employee share programs globally and 22 million shares, for CHF 1,094 million, as part of its share buyback programs for capital reduction purposes announced on February 7, 2025, and March 28, 2024. In 2024, the Company purchased 5 million shares, for CHF 216 million, to support its employee share programs globally and 19 million shares, for CHF 881 million, as part of its share buyback programs for capital reduction purposes announced on March 28, 2024, and March 31, 2023.

Company has a capital band ranging from CHF 212 million (lower limit) to CHF 259 million (upper limit). The Board of Directors is authorized within the capital band to increase or reduce the share capital once or several times and in any amounts or to acquire or dispose of shares directly or indirectly, until March 23, 2028, or until an earlier expiry of the capital band.

In 2025, under the above-mentioned capital band, the Board of Directors resolved to cancel 16,715,684 shares that had been repurchased under the 2024 share buyback program. These shares were cancelled in April 2025, resulting in a decrease of CHF 806 million in treasury shares and a corresponding combined decrease in share capital and retained earnings brought forward, with a reduction in the total number of issued ABB Ltd shares to 1,843,899,204.

The movement in the number of treasury shares during the year was as follows:

	2025		2024	
	Number of shares	Average acquisition price per share (in CHF)	Number of shares	Average acquisition price per share (in CHF)
Opening balance as of January 1	**22,422,600**	**43.90**	**40,495,329**	**31.88**
Purchases for employee share programs	2,731,469	51.33	5,112,500	42.16
Purchases for intended cancellation	21,943,565	49.84	19,178,071	45.91
Cancellation	(16,715,684)	48.23	(21,387,687)	34.27
Delivery for employee share programs	(4,624,173)	37.10	(20,975,613)	31.92
Closing balance as of December 31	**25,757,777**	**48.16**	**22,422,600**	**43.90**
Thereof pledged for MIP	—		406,303	

Note 7
Dividend income

The Company received in 2025 and 2024, dividend payments from ABB Asea Brown Boveri Ltd of CHF 3.1 billion and CHF 2.6 billion in cash, respectively.

Note 8
Other operating income

Other operating income includes mainly outgoing charges for Business Area and Division management services and guarantee compensation fees to Group companies.

Note 9
Other operating expenses

In 2025 and 2024, Other operating expenses included usual operating expenses.

Note 10
Share-based Compensation of Board members and Executive Committee members

For the calendar year 2025 and 2024, the members of the Board of Directors and of the Executive Committee received the following Equity-based compensation.

	Number of shares	Value (CHF in thousands)	Number of shares	Value (CHF in thousands)
	2025	2025	2024	2024
Board member compensation settled in shares	53,407[1]	3,305[2]	62,444[1]	3,263[2]
Shares granted to EC members[3][4]	196,747[5]	8,303[6]	326,800[5]	15,316[6]
Total	**250,154**	**11,608**	**389,244**	**18,579**

(1) The reference number of shares granted is calculated based on net amount due after deductions for social security, pension payments, withholding tax, etc.
(2) Represents gross amount paid, prior to deductions for social security, pension payments, withholding tax, etc.
(3) In addition to the above awards, three members of the EC participated in the 22nd launch of the ESAP in 2025, which will allow them to save over a 12-month period and, in November 2026, use their savings to acquire ABB shares under the ESAP. Each EC member who participated in ESAP will, upon vesting, be entitled to acquire up to 170 ABB shares at an exercise price of CHF 59.40 per share. Furthermore, three members of the EC participated in the 21st launch of the ESAP in 2024, which allowed them to save over a 12-month period and, in November 2025, used their savings to acquire ABB shares under the ESAP. Each EC member who participated in ESAP, upon vesting, was entitled to acquire up to 210 ABB shares at an exercise price of CHF 48.41 per share.
(4) All EC members are included whereas two EC member are not employees of ABB Ltd.
(5) The reference number of shares granted is based on the fair value of the ABB shares on the grant date.
(6) The estimated value of the share-based LTIP grants is based on the price of ABB shares on the grant date and the estimated value of the share-based replacement grant is based on the closing price of ABB shares on the grant date.

Note 11
Full time employees

During each of 2025 and 2024, the Company employed on average 16 and 18 employees, respectively.

Note 12
Subsequent events

Subsequent to December 31, 2025, and up to February 12, 2026, the Company purchased, under the share buyback program, an additional 0.8 million shares, for approximately CHF 53 million. Any further purchases up to February 18, 2026, are not considered significant for the Company.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

Proposed appropriation of available earnings (CHF in thousands)	2025	2024
Net income for the year	3,048,562	2,433,706
Carried forward from previous year	2,730,147	2,531,256
Cancellation of shares	(804,109)	(730,422)
Available earnings to the Annual General Meeting	**4,974,600**	**4,234,540**
Gross dividend of CHF 0.90 per share paid directly by the Company[1]		(1,504,393)
Gross dividend of CHF 0.94 per share on total number of registered shares[1]	(1,733,265)	
Balance to be carried forward	**3,241,335**	**2,730,147**

(1) No dividend is paid on treasury shares held by ABB Ltd. Shareholders who are resident in Sweden participating in the established dividend access facility receive an amount in Swedish kronor from ABB Norden Holding AB which corresponds to the dividend resolved on a registered share of ABB Ltd without deduction of the Swiss withholding tax. This amount however is subject to taxation according to Swedish law.

On January 29, 2026, the Company announced that the Board of Directors will recommend for approval at the Annual General Meeting on March 19, 2026, that a dividend of CHF 0.94 per share be distributed out of the available earnings, expected to be paid in March 2026. As the legal retained earnings exceed 20% of the share capital, no further allocation to those reserves is required.

Statutory Auditor's Report

To the General Meeting of ABB Ltd, Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ABB Ltd (the Company), which comprise the balance sheet as at December 31, 2025, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 125 to 136) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the ABB Annual Reporting Suite (consisting of the Integrated Report, the Financial Report, the Corporate Governance Report, the Compensation Report and the Sustainability Statement), but does not include the consolidated financial statements, the statutory financial statements of the Company, the audited content of the Compensation Report, and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

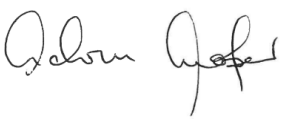
From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the Board of Directors complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG





Achim Wolper
Licensed Audit Expert
Auditor in Charge

Mohamad Midani

Zurich, Switzerland
February 18, 2026

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ABB
SUSTAINABILITY STATEMENT 2025
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HOW TO USE OUR DATAPOINT-TAGGING

This report is tagged with ESRS datapoints, making it easier to find specific information quickly. To bridge the gap until the European Single Access Point becomes available, our provisional tagging follows the following format:

- The tag is in square brackets and in gray font.
- It begins with the identifier of the disclosure standard (e.g., E1-3 for climate-related actions), followed by the number of the paragraph in ESRS, followed by the letter of the sub-item in round brackets, as in ESRS (e.g., (a)). If applicable, this is followed by a sub-sub-item (e.g., i).

This would read, for example, as: [E1-3 29 (c) i].

The various Minimum Disclosure Requirements (MDR) begin with the identifier for the topical chapter (e.g., E1 for Climate Change), followed by the kind of MDR (e.g., MDR-P for MDRs for policies) and the sub-items. This would read, for example, as: [E1 MDR-P 65 (a)].

Readers should use the search function of their browser to find the datapoint they need.

EXECUTIVE SUMMARY

This Sustainability Statement forms, along with the Financial Report, ABB's Management Report, and is a part of ABB's annual reporting suite. This also includes the Integrated Report, which continues our tradition of voluntary sustainability reporting in combination with strategic and financial information. This Sustainability Statement is prepared in accordance with the European Sustainability Reporting Standards (ESRS) following the provisions of the Corporate Sustainability Reporting Directive (CSRD) of the European Union.

Strategy

WORKING TOWARD A MORE SUSTAINABLE FUTURE

At ABB, we are on a mission to help industries outperform or, as we say, "outrun – leaner and cleaner". As a global leader in electrification and automation, our purpose is to enable a more sustainable and resource-efficient future. Our decentralized ABB Way operating model empowers our divisions to innovate close to our customers. Our focus is on delivering products and solutions that improve our customers' profitability while making their operations more productive, energy-efficient and sustainable. As a global market leader, we have a responsibility to all our stakeholders to manage our businesses sustainably and contribute to sustainable development wherever we operate.

ABB's Sustainability Agenda aims to enable a low-carbon society, preserve resources and promote social progress. These pillars are underpinned by our commitment to building a culture of integrity and transparency, extending across our value chain. Our sustainability-related targets and ambitions are supported by our stakeholder relationships. These include collaborative partnerships to foster innovation and circular economy practices, as well as working with suppliers to reduce greenhouse gas emissions, uphold human rights and labor standards and embed our culture of integrity and transparency along our value chain.

Environmental information

RESPONSIBILITY FOR THE ENVIRONMENT

Since the launch of our Sustainability Agenda in 2020, we have made significant progress in reducing emissions, cutting waste and in assessing the environmental impact of products in our portfolio.

CLIMATE: ENABLING A LOW-CARBON SOCIETY

Enabling a low-carbon society is at the center of our purpose and value proposition and a key pillar of our Sustainability Agenda. We are committed to reaching net zero by 2050, which involves reducing emissions in our own operations and in those of our suppliers. In our own operations, we are on a Mission to Zero™. All our sites are encouraged to pursue net zero emissions and more sustainable operations by switching to cleaner forms of energy, electrifying their vehicle fleets and improving energy productivity. We also want to help our customers reduce and avoid emissions through our products, solutions and services. In our Climate Transition Plan, including near-term and long-term targets, we identified decarbonization levers, such as the use of renewable energy, targeting SF_6 emissions, collaborating with suppliers and customers on low-carbon material availability and use, and engaging suppliers on carbon reduction roadmaps. Our emissions reduction targets have been validated by the Science Based Targets initiative (SBTi), confirming alignment with their Net Zero Standard. They cover greenhouse gas (GHG) emissions from our own operations (scope 1 and 2) as well as indirect emissions from our value chain (scope 3). The latter account for the bulk of our overall emissions. We implemented a robust resilience analysis of the environmental risks we face and how they affect our business model, using acknowledged climate scenarios. In 2025, we achieved a reduction of 79 percent in our scope 1 and 2 GHG emissions compared to 2019. Scope 3 emissions, which depend on the progress of the grid decarbonization, have decreased by 1 percent compared to the baseline year of 2022. The products we sold to customers in 2025 helped them avoid 80 megatons of emissions and 285 megatons cumulatively since 2022, considering the full life cycle of the products. This fits our ambition to support customers in avoiding 600 megatons of GHG emissions from 2022 to 2030, based on all the products we expect to sell over that period.

CIRCULARITY: PRESERVING RESOURCES

To help preserve natural resources, we are moving towards circular business models that eliminate waste and keep products and materials in use. We take a life cycle approach to circularity, which means factoring out waste at every stage of the product life cycle, from design and sourcing, through production and use, all the way to responsible end-of-life services. We assess the circularity of our products and solutions at every stage of the life cycle against a set of eight key performance indicators (KPIs) that make up our circularity framework. Every assessed product or solution is assigned a circularity score based on how many KPIs it fulfills. In 2025, we continued our progress toward achieving the quantitative target of sending zero waste to landfill while reducing waste generation by 2030.

WATER: TARGETING AREAS OF WATER STRESS

Water management is also part of our commitment to preserving resources. It is especially relevant in areas of increased water stress. The focus of our monitoring activities is on the real or potential impact that water consumption has in these areas. In line with our decentralized operating model, the ABB Way, the business areas are accountable for coordinating the development of a high-level roadmap with their divisions. We also aim to strengthen water stewardship at sites located in areas of water stress.

Social information

RESPONSIBILITY FOR EMPLOYEES AND COMMUNITIES

ABB's social impact extends across multiple stakeholder groups. It affects its own employees, including those in administrative and management functions, industry workers, and agency workers. It also relates to workers in its value chain, specifically employees of its suppliers, as well as the communities in which ABB operates. In addition, ABB's social impact reaches specific consumers and end users of its products.

OWN EMPLOYEES: PROVIDING OPPORTUNITIES, PROTECTING AGAINST HARM

As a global company whose greatest assets are its people and technologies, we are committed to the wellbeing and development of our employees. Impacts on our employees can be positive and negative: positive – through factors such as competitive and performance-related remuneration, a range of social benefits, our prioritization of health and safety, the championing of diversity and inclusion, and opportunities for professional and personal development; negative – through health and safety risks and gender inequality at leadership levels. We respect and promote human rights and dignity and strive to create working environments where people can thrive. Our Code of Conduct, Supplier Code of Conduct, Human Rights Policy and other relevant policies formalize ABB's commitment to respecting human rights and describe ABB's approach to human rights due diligence. A regular Employee Engagement Survey aims to ensure that our management remains aware of developments and opinions at employee level and that employees have a say in decision-making processes. D&I activities involve developing and supporting workforce diversity across all dimensions. Wellbeing initiatives deliver a range of programs designed to create a positive impact. Specific activities include an open job market and a wide range of learning opportunities. Health and safety management helps protect our employees against accidents and other health risks. In 2025, among other things, we achieved our employee engagement target, placing us within the "top tier" of global organizations using the same engagement platform.

WORKERS IN THE VALUE CHAIN: UPHOLDING RESPONSIBLE LABOR STANDARDS

ABB has a vast multi-tier supplier network across its divisions, consisting of suppliers operating in a diverse global context. The type of workers in our entire upstream and downstream value chain can include workers in raw materials and minerals extraction and processing, employees in factories, contractors at ABB (project) sites and workers in logistics and distribution. Internal risk assessment processes and a specific Supplier Code of Conduct aim to ensure the upholding of human rights and labor standards as well as functioning complaints mechanisms, if needed. The ABB Sustainable Supply Base Management (SSBM) Program contributes to positive impact by asking suppliers to conduct training with their employees. In 2025, among other things, we have updated the list of focus countries to reflect both the changed composition of the ABB supplier base and changes in country risk levels.

COMMUNITIES: PROTECTING VULNERABLE COMMUNITIES

ABB's activities impact communities along its value chain. These communities consist of people living or working in the vicinity directly impacted by our operations as well as those affected indirectly through our value chain. By maintaining high standards in environmental and safety performance, we aim to reduce the risk of negative impacts, such as noise, pollution or hazardous materials. In 2025, as part of our community engagement activities, we initiated the development of a stakeholder engagement plan.

CONSUMERS AND END-USERS: PROTECTING AGAINST RISKS

Consumers and end-users at ABB are industrial consumers of electrical and automation equipment, and end-users of building automation and home electrical equipment. We offer various programs within our automation academies helping our customers find trainings for ABB products, functions, operations and more that support them in the safe handling of our products. We also aim to protect our customers against cyber-attacks on ABB systems. We engage with consumers and end-users through periodic reviews of customer satisfaction using the Net Promoter Score. In 2025, it was decided to develop and implement targets and action plans.

Governance information

RESPONSIBLE BUSINESS PRACTICES

ABB's Sustainability Agenda is underpinned by a culture of integrity and transparency that we aim to embed across our value chain. We see integrity as part of our license to operate, and we are committed to the highest standards of ethical business conduct and professional behavior.

POLICIES AND FRAMEWORKS TO GUIDE BEHAVIOR

ABB's culture of integrity is supported by its Code of Conduct and integrity program, as well as other policies such as its Human Rights Policy and Supplier Code of Conduct. Training and reporting channels are in place, with successful implementation of integrity trainings in 2025. The SSBM program specifically targets suppliers and service providers through a risk-based approach at those suppliers. We have zero tolerance for unethical business practices. We operate an adaptive anti-bribery and anti-corruption (ABAC) program, which allows us to anticipate and manage risks. We also take care to identify and mitigate risks of modern slavery and human trafficking in our value chain, as outlined in our Modern Slavery Statement.

Auditor's limited assurance report of ABB Ltd's sustainability statement

To the general meeting of the shareholders of ABB Ltd

Conclusion

We have conducted a limited assurance engagement of the sustainability statement for ABB Ltd and its subsidiaries (the "Group") for the financial year 2025. The sustainability statement is included from page 10-151 in this document including disclosures incorporated by reference.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the sustainability statement does not, in all material respects, meet the requirements of the Swedish Annual Accounts Act which includes:

- whether the sustainability statement meets the requirements of ESRS;
- whether the process the Group has carried out to identify reported sustainability information has been conducted as described in the sustainability statement; and
- compliance with the reporting requirements of the EU's Green Taxonomy Regulation Article 8.

Basis for conclusion

We have conducted the assurance engagement in accordance with the Institute for the Accountancy Profession in Sweden, Föreningen Auktoriserade Revisorer ("FAR's") recommendation RevR 19 *The auditor's limited assurance regarding the statutory sustainability statement*. Our responsibility according to this recommendation is further described in the section Auditor's responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters

The sustainability information for the prior year has not been subject to a limited assurance review in accordance with RevR 19 *The auditor's limited assurance regarding the statutory sustainability statement*, and consequently the review of the comparative information in the sustainability statement for 2025 has not been performed in accordance with this recommendation.

Other information than the sustainability statement

This document also contains other information than the sustainability statement. The other information is found on pages 1-6 and 152-169, and within the ABB Annual Reporting Suite (consisting of the Integrated Report, the Financial Report, the Corporate Governance Report, and the Compensation Report) or any other information linked to or from the Sustainability Information or from the Sustainability Statement, including any images, audio files or embedded videos. The Board of Directors is responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation of the sustainability statement in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act, and for such internal control as it determines is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion with limited assurance on whether the sustainability statement has been prepared in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act based on our review. The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 *The auditor's limited assurance regarding the statutory sustainability statement*. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance

engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of ABB Ltd in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability statement. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors prepares the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

In conducting our limited assurance engagement, with respect to the process undertaken to identify the sustainability information to be reported, we have:

- Obtained an understanding of the process by:
  - performing inquiries to understand the sources of the information used by management; and
  - reviewing the Group's internal documentation of its process; and
- Evaluated whether the evidence obtained from our review procedures regarding the process implemented by the Group was consistent with the description of the process set out in the sustainability statement.

In conducting our limited assurance engagement, with respect to the sustainability statement, we have performed, but were not limited to, the following:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its sustainability statement including the consolidation processes by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the sustainability statement;
- Performed risk assessment procedures over the Sustainability Statement to inform our assurance approach;
- Evaluated whether material information identified by the process is included in the sustainability statement;
- Evaluated whether the structure and the presentation of the sustainability statement are in accordance with ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the sustainability statement;
- Performed substantive assurance procedures on a selected sample of information in the sustainability statement;
- Evaluated selected methods, assumptions and data for developing material estimates and forward-looking information and how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the sustainability statement;
- Where applicable, compared disclosures in the sustainability statement with the corresponding disclosures in the financial statements; and
- Assessed the completeness of the Sustainability Statement regarding the disclosures required by Article 964b (1) and (2) of the Swiss Code of Obligations and the Swiss Ordinance on Climate Disclosures.

Inherent limitations in preparing the sustainability statement

As described in the section 'Double materiality assessment' the Group has carried out the process, which may change over time. The Sustainability Statement may not include every impact, risk and opportunity or additional Group-specific disclosure that each individual stakeholder, or group of stakeholders, may consider important in its own particular assessment.

The management of the Group has made various judgements in determining how the Group complies with the ESRS and the Taxonomy Regulation which allow for different, but acceptable, evaluation and measurement techniques and can result in materially different measurements, affecting comparability between companies and over time. The key judgements are summarized in the section "Other reporting principles" of the Sustainability

Statement and are set out in further detail within the 'Basis for Preparations'/MDR-M included in relation to each topical standard.

For some of the metrics significant limitations exist in the availability and quality of data, resulting in the Group's reliance on proxy and estimated data in determining amounts (for example Scope 3 GHG emissions, avoided emissions, and recyclable content). Over time better information may become available, and the principles and methodologies used to measure and report these estimated amounts may change based on market practice and regulation.

In reporting forward-looking information in accordance with ESRS, the Board of Directors of ABB Ltd are required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by ABB Ltd. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Stockholm February 18, 2026

KPMG AB



Håkan Olsson Reising
Authorized Public Accountant



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SUSTAINABILITY AT ABB

The Sustainability Statement was compiled as of February 18, 2026. We prepared it in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) and its related European Sustainability Reporting Standards (ESRS) as required by the Swedish Annual Accounts Act (Årsredovisingslagen). It also follows the provisions of the Swiss Code of Obligations (Art. 964b ss.) and related ordinances. The Sustainability Statement includes the disclosures in accordance with the EU Taxonomy Regulation (EU 2020/852) and the supplementary delegated acts.

Approach to reporting

[ESRS 2 BP-1] GENERAL BASIS FOR PREPARATION OF THE SUSTAINABILITY STATEMENT

CONSOLIDATED REPORTING

[ESRS 2 BP-1 5 (a)] This Sustainability Statement was prepared for the year ended December 31, 2025. The Statement covers ABB Ltd. and its consolidated subsidiaries worldwide (for a list of significant subsidiaries please see the Appendix to the ABB Corporate Governance Report 2025).

Newly acquired businesses as well as businesses that are divested are reflected in annual sustainability reporting in line with the financial reporting, subject to materiality. The sole exception is GHG emissions, which are recalculated for the entire year in line with the GHG Protocol. For a list of acquisitions and divestments in 2025, please refer to the ABB Integrated Report 2025.

[ESRS 2 BP-1 5 (b) i, 5 (b) ii] The scope of consolidation in this Sustainability Statement is the same as for the Financial Report (please refer to section “Note 2 – Significant accounting policies” of our Consolidated Financial Statements for further details on the scope of financial consolidation, e.g., investments in joint ventures and affiliated companies). This Sustainability Statement, together with the Financial Report, constitutes the Management Report as required by the CSRD (Directive 2022/2464/EU). No subsidiary undertaking of ABB is exempted from consolidated sustainability reporting pursuant to Articles 19a(9) or 29a(8) of Directive 2013/34/EU).

[ESRS 2 BP-1 5 (c)] The Sustainability Statement addresses the material impacts, risks and opportunities (IROs) of both our own operations and our upstream and downstream value chain.

[ESRS 2 BP-1 5 (d)] No information was omitted to protect intellectual property, know-how or the results of innovation.

[ESRS 2 BP-1 5 (e)] No disclosure exemptions for impending developments or matters in the course of negotiation, as provided for in articles 19a(3) and 29a(3) of Directive 2013/34/EU, were applied.

ABB has made use of the “quick fix” amendments to the first set of the ESRS (delegated act published by the European Commission on July 11, 2025), allowing for the omission of certain Disclosure Requirements.

In the ESRS index table, we have listed the disclosures on which we have reported.

Other reporting principles

UNITS OF MEASURE

GHG emissions are presented throughout the statement in metric kilotons (kt) carbon dioxide equivalents (CO_2e) or metric megatons (Mt), where 1 metric kiloton CO_2e equals 1000 metric tons CO_2e and 1 metric megaton CO_2e equals 1000 metric kilotons CO_2e.

Energy consumption is presented throughout the Statement in gigawatt hours (GWh), where 1 GWh equals 1000 megawatt hours (MWh).

Waste is presented in metric tons (t) and metric kilotons (kt).

Materials used are presented in metric kilotons (kt).

SASB disclosure on Total Energy Consumed is presented in Gigajoules (GJ).

[ESRS 2 MDR-M 77 (d)] When currency is specified as the unit of measure, we use the presentation currency of our Financial Report.

[ESRS 2 BP-2] DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

TIME HORIZONS

[ESRS 2 BP-2 9 (a), 9 (b)] We applied time horizons consistent with ESRS for the short, medium and long-term. The scope of the application depends on the individual Disclosure Requirement or datapoint and is explained in the corresponding sections.

VALUE CHAIN ESTIMATION

[ESRS 2 BP-2 10 (a), 10 (b), 10 (c), 10 (d)] We use primary data as much as possible. Whenever data is estimated using sector average data or proxies (e.g., to calculate the rates of recyclable content of our products or to calculate scope 3 GHG and avoided emissions), this is indicated in the datapoint definitions in each topical chapter.

Currently, we have obtained limited primary data or direct information from third-party suppliers and partners. However, we are committed to improving the collection and quality of primary data or information from third parties and are actively preparing the next steps to achieve this. The shift toward primary data will be a gradual process and will be applied where reasonable, resulting in a hybrid approach based on a mix of primary and estimated data.

SOURCES OF ESTIMATION AND OUTCOME UNCERTAINTY

[ESRS 2 BP-2 11 (a), 11 (b) i, 11 (b) ii] There is a high level of measurement uncertainty in this Sustainability Statement in the areas of scope 3 GHG emissions, avoided emissions and the rates of recyclable content of our products. For further details, please refer to the section “Value chain estimation” above and to the section “Greenhouse gas emissions”.

CHANGES COMPARED TO PREVIOUS SUSTAINABILITY REPORTING

[ESRS 2 BP-2 13 (a), 13 (b), 13 (c)] This is the first Sustainability Statement of ABB in accordance with the ESRS. In the previous year, we voluntarily reported in reference to the ESRS, which included fewer disclosures. Wherever possible, comparable information for the previous year is provided. As part of the ongoing ESRS implementation in 2025, we updated the Double Materiality Assessment (DMA) and re-evaluated material topics.

REPORTING ERRORS IN PRIOR PERIODS

[ESRS 2 BP-2 14 (a), 14 (b), 14 (c)] Certain figures that have been reported in the Sustainability Statement 2024 have been reclassified or adjusted in the Sustainability Statement 2025 to conform to the current year's presentation or due to refined calculation methods or to correct prior period errors.

USE OF OTHER FRAMEWORKS

[ESRS 2 BP-2 15] In addition to the regulatory requirements listed above, this Sustainability Statement was also prepared in reference to the GRI Standards, IFRS Sustainability Disclosure Standards (also known as ISSB Standards) and in accordance with the Sustainability Accounting Standards Board (SASB).

An index table in the appendix to this Sustainability Statement maps our ESRS disclosures to relevant indicators of the above frameworks.

INCORPORATION BY REFERENCE

[ESRS 2 BP-2 16] Information about the revenue used in energy intensity, GHG emissions intensity and total revenue is incorporated by reference (to other parts of the Management Report).

INDEPENDENT ASSURANCE

For the financial year 2025, the Sustainability Statement was subject to limited assurance by KPMG AB (KPMG). The assurance engagement was conducted in accordance with the Institute for the Accountancy Profession in Sweden, Föreningen Auktoriserade Revisorer (FAR) recommendation RevR 19 'The auditor's limited assurance regarding the statutory sustainability statement'. KPMG's full Assurance Statement, including opinion and basis of opinion, is available in the "Assurance Opinion" section in this Statement. The assurance conclusion does not extend to prior period information included in the Statement.

THIRD-PARTY METRICS VALIDATION

[ESRS 2 MDR-M 77 (b)] None of the metrics have been validated by an external body other than the assurance provider.

SWISS CODE OF OBLIGATIONS

With respect to child labor, the international frameworks and standards referenced in the ABB policies include those which the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO) specifies as internationally recognized equivalent regulations.

As a result of our adherence with these frameworks and standards, we are exempted from specific due diligence and reporting obligations under the provisions of the Swiss Code of Obligations (Art. 964j–l CO) and the DDTrO respectively with regard to child labor.

Furthermore, in line with the OECD Due Diligence Guidance for Responsible Business Conduct, ABB ensures transparency by communicating relevant information externally through its Integrated Report.

Regarding conflict minerals, we have assessed our risk exposure in response to the requirements established by the provisions of the Swiss Code of Obligations (Art. 964j–l CO) and the DDTrO and reached the following conclusions: The quantities of minerals and metals in scope of the aforementioned regulations, which ABB imported into or processed in Switzerland in 2025, are substantially below applicable thresholds. Hence, ABB is exempted from specific due diligence and reporting obligations with regard to conflict minerals under the provisions of the Swiss Code of Obligations and the DDTrO, respectively.

Please see the Appendix of this Sustainability Statement for a specific index of disclosures regarding the Swiss Code of Obligations.

Governance of sustainability at ABB

[ESRS 2 GOV-1] ROLE OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

[ESRS 2 GOV-1 22 (a)] Sustainability at ABB is governed in the following hierarchy: [ESRS 2 GOV-1 22 (b), 22 (c), 22 (c) i, 22 (c) ii, 22 (c) iii, 22 (d)] ABB's **Board of Directors** (the Board) reviews and approves our Sustainability Agenda and related targets. Our Sustainability Agenda reflects the value we create for our stakeholders and considers insights from the DMA, which takes into account IROs as identified for ABB. Board committees have specific roles in relation to sustainability: The Governance and Nomination Committee (GNC) is responsible for overseeing ABB's Sustainability Agenda. The GNC reviews and proposes to the Board the company's Sustainability Agenda and its targets and monitors target progress and achievements. The Finance, Audit and Compliance Committee (FACC) oversees the integrity of ABB's sustainability-related reporting, including its reporting processes and systems of internal controls, as well as data processing. The Compensation Committee (CC) ensures that our executive compensation policies are appropriately aligned with the Sustainability Agenda. Ultimate responsibility for the company's Sustainability Agenda, its sustainability targets and its annual Sustainability Statement lies with the entire Board of Directors. The foregoing responsibilities are defined in the ABB Ltd Board Governance Rules. In 2025, topics related to the Sustainability Agenda were discussed in every Board meeting. Likewise, CSRD reporting was on the agenda of every FACC meeting in 2025. An overview showing the company's progress as well as an outlook of its key sustainability targets is shared with the Board on a quarterly basis.

The ABB **Group Executive Committee** (the EC) validates the Sustainability Agenda and its implementation. It is responsible for reviewing sustainability targets in line with our performance management approach and our operating model, as well as for ensuring that sustainability is embedded in our business decision-making. In every EC meeting held in 2025, topics related to the Sustainability Agenda were discussed. The quarterly business reviews now also include progress as well as an outlook on the company's key sustainability targets. The Chief Communications and Sustainability Officer, who is a member of the EC, holds functional responsibility for sustainability and reports together with the Group Head of Sustainability to the GNC on topics and progress related to the Sustainability Agenda.

ABB's EC represents the management body, and the Board represents the supervisory body, as these terms are used in ESRS.

The **Sustainability Council** is the highest operational decision-making body for sustainability. It has been established to ensure the integration of sustainability across internal functions and drives the development of the Sustainability Agenda based on evolving stakeholder requirements, oversees implementation and monitors progress towards targets. In line with our operating model, the ABB Way, all business areas are represented on the Sustainability Council by their strategy heads as well as their sustainability leads. Additional members of the Sustainability Council include representatives of our corporate functions: sustainability, strategy, sustainability reporting, as well as legal and integrity.

Topic-specific **Workstreams** propose targets and roadmaps across business areas and determine the governance for the respective sustainability topics. Additionally, they monitor emerging requirements and share best practices across business areas. The Workstreams include subject-matter experts from our business areas and divisions as well as members of the Corporate Sustainability team. They regularly report to the Sustainability Council on their progress and receive support from the Council where needed.

In line with the ABB Way and our decentralized operating model, our business areas and divisions are ultimately accountable for putting action plans in place and ensuring that appropriate resources are available to implement these plans and deliver against our targets.

The **Corporate Sustainability team** provides thought leadership and governance, sets targets and drives continuous improvement.

Finally, our **Sustainability Reporting team**, being part of ABB's Finance organization, is responsible for the preparation of our annual Sustainability Statement. Decisions related to reporting are taken by the **Sustainability Reporting Steering Committee**, which is chaired by the Chief Financial Officer (CFO).

There is a dedicated procedure for the management of IROs applicable for these bodies in the form of the DMA Procedure. Entity-level controls for this procedure have been put in place during financial year 2025.

BOARD AND EXECUTIVE COMMITTEE COMPOSITION

In proposing individuals for election, the Board seeks to align its composition, skills and experience with the company's strategic needs. The Board strives for diversity in aspects such as gender, nationality and age. In addition, the tenure of the members of the Board should be well-balanced.

In 2025, the Board was composed of 60 percent male directors, while 40 percent of the positions were held by female directors. Furthermore, 50 percent of the Board members are in the age range of 50 to 59 years and 50 percent are between 60 and 69 years. All 10 members of our Board (i.e., 100 percent) are independent and non-executive directors. We do not have employee representatives on our Board as Swiss corporate law does not provide for employee representation.

Further, the composition of the Board in relation to experience was as follows:

[ESRS 2 GOV-1 21 (a), 21 (b), 21 (c)., 21 (d)., 21 (e)]

	Board Experience		Corporate Officer Experience		Other Business Experience					
Board Member	ABB Board Tenure (years)	Other Public Board Experience	CEO	CFO	Operations	Risk Management	Sustainability	Digital / Technology	Global Experience	Country of Origin / Nationality
Peter R. Voser	11	●	●	●	●	●	●	●	●	CH
David Constable	11	●	●		●	●	●		●	CA, US
Frederico Fleury Curado	10	●	●		●	●	●	●	●	BR, PT
Johan Forssell	2	●	●		●	●	●	●	●	SE
Denise C. Johnson	3	●			●	●	●	●	●	US
Jennifer Xin-Zhe Li	8	●		●	●	●	●	●	●	CN, CA
Geraldine Matchett	8	●	●	●		●	●		●	CH, UK, FR
Claudia Nemat	1	●			●	●	●	●	●	DE
David Meline	10	●		●		●	●	●	●	US, CH
Mats Rahmström	2	●	●		●	●	●	●	●	SE

For each Board member's biography, see Corporate Governance Report 2025 – Board of Directors.

In line with the Board's leading example, ABB strives to have an equally diverse EC. When appointing executives, the Board pays specific attention to relevant subject matter or business sector and products experience, as applicable, for each member.

In our EC, 78 percent of the positions were held by male executives and 22 percent by female executives in 2025. The age distribution showed 11 percent, equaling one of the members, being in the range of 40 to 49 years old, and 78 percent of EC members were between 50 and 59 years old. 11 percent of the members are in the range of 60 or above. All 9 EC members were active as executives and employed by ABB throughout 2025.[1]

[1] In line with the announced divestment of ABB's Robotics division to SoftBank Group, Sami Atiya has stepped down from ABB's Executive Committee at the end of 2025 (https://new.abb.com/news/detail/129681/sami-atiya-to-leave-abb).

The following table gives a detailed overview of the experience of our EC members:

		Business Experience							
Name	**Role**	**Electrification [1]**	**Motion [2]**	**Automation [3]**	**Robotics & Discrete Automation [4]**	**Corporate Officer Experience**	**Global Experience**	**Sustainability Experience**	**Country of Origin / Nationality**
Morten Wierod	Chief Executive Officer	●	●			●	●	●	NO
Timo Ihamuotila	Chief Financial Officer					●	●	●	FI
Carolina Granat	Chief Human Resources Officer					●	●	●	SE
Mathias Gaertner	General Counsel and Company Secretary					●	●	●	DE
Karin Lepasoon	Chief Communications and Sustainability Officer					●	●	●	SE
Giampiero Frisio	President Business Area Electrification	●	●				●	●	IT
Brandon Spencer	President Business Area Motion		●	●			●	●	US
Peter Terwiesch	President Business Area Automation			●		●	●	●	DE, CH
Sami Atiya	President former Business Area Robotics & Discrete Automation		●		●		●	●	DE

1 Covering renewable power solutions, modular substation packages, switchboards and panelboards, switchgears, UPS solutions, breakers, control products, wiring accessories, enclosures and cabling systems, building automation, and similar products as well as related services.

2 Covering drives, motors, generators, traction converters, and similar products as well as related services.

3 Covering control technologies, industrial software, advanced analytics, sensing and measurement technology, marine propulsion systems, and similar products as well as related services.

4 Covering robots, mapping and navigation solutions, automation solutions, industrial PCs, transport systems, machine vision, and similar products as well as related services.

For each EC member's biography, see Corporate Governance Report 2025 – Executive Committee.

SUSTAINABILITY EXPERIENCE AMONG ABB LEADERSHIP

[ESRS 2 GOV-1 23] The Board annually evaluates the necessary competencies for its members. The assessment of available sustainability competencies is aligned with the requirements of CSRD. The list of essential sustainability competencies encompasses our material topics:

- Environmental: Climate change, water and marine resources, resource use and circular economy;
- Social: Own workforce, workers in the value chain, affected communities, consumers and end-users; and
- Governance: Business conduct.

Our annual Board and EC questionnaire allows us to gain a meaningful overview of sustainability-related experience in these bodies. Thereby we strengthen our reporting basis and sharpen the sustainability focus of our education programs for the Board and EC. During the annual strategy retreat of the Board and EC in 2025, a workshop took place that focused on where and how sustainability fits into ABB's company strategy going forward. It included an outside-in view in terms of evolving stakeholder requirements including legislation, followed by a review of the progress made and unresolved challenges, developments and sustainability trends for electrification and automation, such as energy transition, energy efficiency, global warming, water management, aging workforce, augmented humans, skills gaps and efficiencies. The workshop concluded with a discussion on how these opportunities can be captured and risks mitigated.

[ESRS 2 GOV-1 23 (a)] Sustainability is also considered in the Board's annual assessment, which includes evaluating whether the right level of experience is available and whether the Board is sufficiently informed about sustainability issues and its responsibilities. Both aspects were confirmed by the Board.

[ESRS 2 GOV-1 23 (b)] Both the Board and the EC, as collective bodies, possess the necessary experience to cover all topics identified as material in our DMA including IROs. The GNC and the Board ensure that this experience is considered when proposing new Board candidates or appointing new EC members.

Sustainability as a management topic

[ESRS 2 GOV-2] INFORMATION REGARDING SUSTAINABILITY MATTERS

[ESRS 2 GOV-2 26 (a)] For sustainability matters addressed by the Board and the EC in general, including frequency of discussions, please see above under "Governance of sustainability at ABB". For more detailed information on ABB's process to identify and assess material IROs, please see the discussion of our DMA in the section "Double Materiality Assessment" below. The list of identified material IROs has been shared with the EC and the Board for acknowledgement.

[ESRS-2 GOV-2 26 (b)] Our Enterprise Risk Management (ERM) process takes a holistic approach to identifying risks that could impact our strategic objectives and have a material financial effect. Fully embedded in the ABB Way operating model, the ERM process spans all levels of the organization, considers all risk types including sustainability risks and provides ABB leadership, including the EC and the FACC, with a clear view of our most critical risks. This insight allows the EC and the Board to consider these risks, including associated trade-offs, and take them into account when defining and overseeing ABB's strategy, decisions on significant transactions and risk management.

Material impacts and opportunities are derived from our strategy and therefore are an integral part of the annual Strategy Refresh, during which each business area and division reviews or updates its strategy. As part of this process, a portfolio assessment is conducted to evaluate the performance and strategic attractiveness of existing businesses as well as potential acquisitions. A sustainability lens is applied to ensure that sustainability-related impacts and opportunities are identified and strategic decisions are aligned with ABB's Sustainability Agenda. The outcomes of the Strategy Refresh are discussed and approved by the EC and the Board at their annual strategy retreat.

In the course of its sessions during the reporting year, the EC evaluated the Sustainability Agenda and the progress in its implementation, including several topics of strategic relevance. For example, the EC discussed progress made against sustainability Key Performance Indicators (KPIs) (Making ABB cleaner) as well as opportunities to work with ABB customers on sustainability (Making our world cleaner). Additionally, it covered our updated Climate Transition Plan, including opportunities for acceleration of ABB scope 1 and 2 emissions reductions (e.g., an acceleration on our EV100 commitment), a benchmarking on scope 3 upstream emissions intensity, as well as opportunities for scope 3 upstream emissions targeted reductions focusing on low-carbon materials.

[ESRS-2 GOV-2 26 (c)] The EC and the Board discuss individual IROs if their relevance necessitates EC or Board attention. The EC and the Board review the status of the voluntary 2030 sustainability commitments on a quarterly basis.

Incentives for sustainability

[ESRS 2 GOV-3] SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

[ESRS 2 GOV-3 29, 29 (a), 29 (b), 29 (c), 29 (d), 29 (e)] Sustainability is embedded in ABB's business planning processes, and we translate our strategic priorities – including financial performance and progress on sustainability – into short- and long-term financial and sustainability-related targets. Our business areas assume full accountability to deliver on these targets, which are supported by appropriate incentives. Incentives enable us to maintain a strong link between strategy and compensation.

Members of the Board get their compensation in the form of guaranteed role-based fees without a variable component, neither performance-based nor linked to sustainability-related measures.

However, sustainability-related performance is embedded in the incentive schemes of the EC. EC members have sustainability-related goals and targets in their short-term incentive (Annual Incentive Plan, AIP), offered in cash, and in their long-term incentive (Long-Term Incentive Plan, LTIP), offered in the form of ABB Performance Share Units. The CC annually reviews the AIP and LTIP for the EC. Furthermore, it approves AIP-related performance measures, goals and targets per EC member, as well as plan-specific performance measures and targets for the LTIP, which are granted to our executives, including EC members.

[G1 MDR-T 80 (a), 80 (c), 80 (f), 80 (i)] By integrating sustainability-related goals and targets into the AIP and LTIP of our EC members, we embed ethical behavior, accountability and transparency into decision-making. This alignment ensures that executive rewards are tied not only to financial results but also to responsible conduct and progress on sustainability commitments. It reinforces ABB's Code of Conduct, strengthening our ethical culture and contributing to sustainable value creation. Therefore, in 2025, we continued the application of at least one measurable sustainability-related target under the AIP of our EC members, to support our 2030 Sustainability Agenda. The assignment of the sustainability targets under the AIP of EC members is aligned with our Sustainability Agenda, focusing on the company's most material topics.

[G1 MDR-T 80 (d)] The base year for measuring performance against our sustainability targets in executive incentive schemes is 2019.

PROGRESS IN 2025

[G1 MDR-T 80 (e)] Under the AIP, in our base year 2019, all EC members had an individual measure, that had a weighting of 20 percent of the executive's target AIP award. The individual measure for each EC member was linked to two or three goals. Some EC members had a sustainability-related goal under their individual measure.

[G1 MDR-T 80 (j)] In 2025, all EC members had two mandatory sustainability goals or targets with a combined weighting of 10 percent of their target AIP award. All EC members shared a common governance goal designed to help deliver ABB's obligations under the Deferred Prosecution Agreement[2], while the second sustainability goal varied. The Chief Executive Officer (CEO) and two other corporate officers had an environmental target related to scope 1 and 2 GHG emissions reduction. All business area presidents had a social target (reduction of the TRIFR), while the Corporate Human Resources Officer (CHRO) had a social target related to an increase in the proportion of women in senior management roles. The CFO had a governance target related to internal controls. The achievement against all sustainability goals and targets was determined after the end of the performance cycle 2025 and is disclosed in our Compensation Report 2025.

[2] Contribution to the delivery of our commitments under the Deferred Prosecution Agreement with the US Department of Justice related to the Kusile project.

[G1 MDR-T 80 (e)] We achieved our target of having at least one measurable sustainability-related target assigned to the variable compensation of our EC members every year since 2020. It needs to be achieved in all subsequent years until 2030.

The LTIP, in our base year 2019, comprised of two equally weighted financial performance measures, namely average earnings per share and relative total shareholder return. The LTIP was granted to approximately 100 executives, including EC members and division presidents.

As introduced in 2022 and continued until 2025, one of the three LTIP performance measures was based on the achievement of a corporate sustainability target, an environmental target related to scope 1 and 2 GHG emissions reduction, that carried a weighting of 20 percent of the executives' grant. Since 2022, this GHG emissions reduction target was assigned annually to the LTIP and performance was reassessed, based on the achievement over the relevant performance period. The LTIP was granted to approximately 100 executives, including EC members and division presidents. Vesting under the LTIP was subject to the achievement of the plan-specific targets over a period of three years. The achievement against the GHG emissions reduction target under the 2022 LTIP as well as the target for the 2025 LTIP are disclosed in our Compensation Report 2025.

To safeguard adherence to our Code of Conduct and compliance policies, both the AIP and LTIP offered to our EC members are subject to malus and clawback provisions.

For more details, please refer to our Corporate Compensation Report 2025 – "Implementation of EC compensation policy".

COMPENSATION LINKED TO CLIMATE-RELATED CONSIDERATIONS

[E1 GOV-3 13] For the 2025 AIP, the CEO and two corporate officers had an environmental target, representing 5 percent of their target AIP award, related to a scope 1 and 2 GHG emissions reduction, which is in line with ABB's GHG emission reduction targets as defined under ESRS E1-4, while all other EC members had non-environmental sustainability targets or goals.

For the 2025 LTIP, the sustainability performance measure represents ABB's scope 1 and 2 GHG emissions reduction at the end of the three-year performance period (2025–2027), compared to a baseline of 2024 scope 1 and 2 GHG emissions.

For 2025, 5.7 percent of the EC's total compensation was linked to climate-related considerations.

Due diligence

[ESRS 2 GOV-4] STATEMENT ON DUE DILIGENCE

[ESRS 2 GOV-4 30 | ESRS 2 GOV-4 32] Due diligence is a vital, cross-cutting process that ensures we identify and manage key impacts across our value chain, including operations. The table below outlines the interdependence of these impacts, showing how due diligence is embedded across various topics deemed as material under CSRD, to facilitate informed decision-making.

Due diligence topics	Environment People
Embedding due diligence in governance, strategy and business model(s)	Sustainability is embedded in all governance bodies and defined as a key management topic. More information on this can be found in the section "Sustainability as a management topic".
	We integrate sustainability-related performance in our AIP and LTIP. For more information on this topic, please refer to the section "Incentives for sustainability".
	An elaboration on how the identified material IROs interact with our strategy and business model can be found in the section "Material impacts,

Due diligence topics	Environment	People
	risks and opportunities" and in the IRO table in the section "Double Materiality Assessment".	
Engaging with affected stakeholders	As sustainability is a core element of ABB's purpose, it is integrated throughout the highest levels of our organization. Information on how our administrative, management and supervisory bodies are informed about and oversee sustainability matters can be found in the section "Sustainability as a management topic".	
	At ABB, we value the interests and views of our stakeholders and take them into account for the further development of our strategy and business model. Explanations on how we do this can be found in the section "Stakeholder engagement". In 2025, we developed a centrally coordinated stakeholder engagement plan that we will begin implementing in 2026.	
	To determine our material topics, we considered the views of our stakeholders. For more information on the process, please see section "Double Materiality Assessment".	
	To provide an understanding of the policies in place to prevent, mitigate and remediate actual and potential adverse impacts, we set out our policies in the section "Sustainability-related policies".	
	Information relevant to understanding how engagement with stakeholder groups on specific (potential) adverse impacts is performed can be found in the sections "Strategic approach to circularity" and "Water as a material topic".	Information relevant to understanding how engagement with stakeholder groups on specific (potential) adverse impacts is performed can be found in the sections "Involving employees", "Engaging with value chain workers" and "Management of supplier relationships".
Identifying and assessing negative impacts	A description of material adverse impacts and how they interact with our strategy and business model can be found in the section "Material impacts, risks and opportunities", and the assessment process in the section "Double Materiality Assessment".	
	A description of our processes to identify and assess material adverse environmental impacts can be found in the sections "Climate change as a material topic", "Strategic approach to circularity" and "Water as a material topic".	A description of our processes to identify and assess material adverse impacts on people can be found in the sections "Channels available to raise concerns" (in topical chapters S1, S2, S3) and "Consumer-related policies & processes", "Involving employees", "Engaging with value chain workers" and "Business conduct-related policies".
Taking action	We elaborate on our actions to combat climate change in the section "Management of climate change", our Climate Transition Plan and "Circularity management".	We reflect the range of actions through which impacts are addressed in the sections "Employee-related actions", "Actions for workers in the value chain", "Taking action in communities", "Management of supplier relationships" and "Anti-corruption and anti-bribery".
Tracking effectiveness	We track the effectiveness of our environmental measures and targets in the topical sections "Climate change-related targets", and "Targets relating to resource use and circularity", and disclose our metrics in "Facts & figures Energy", "Greenhouse gas emissions", "Facts & figures Resource use and circular economy" and "Facts & figures Water".	We track the effectiveness of our social measures and targets in the sections "Own workforce-related targets, "Workers in the value chain-related targets", and "Community-related targets", and disclose our metrics in "Facts & figures Own employees" and "Facts & figures Business conduct".

Risks and controls in sustainability reporting

[ESRS 2 GOV-5] INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

[ESRS 2 GOV-5 36 (a)] As defined in the ABB Ltd Board Governance Rules, the Board is responsible for establishing an internal control system to monitor and address financial and sustainability reporting processes. The Board has delegated roles and responsibilities for internal controls to the FACC. The FACC oversees the integrity of our reporting processes and systems of internal controls over reporting, including its internal and external assurance processes as well as manual and automated data processing.

We have adopted the integrated framework designed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for our internal controls over reporting. The “Internal controls over reporting” policy specifies that defined internal control standards, requirements, certifications, governance, roles and responsibilities apply to all reporting processes of the Group, including sustainability reporting.

The scope of the environmental, social and governance topics disclosed in the Sustainability Statement has been defined by means of a DMA (see section “Double Materiality Assessment” below).

[ESRS 2 GOV-5 36 (b)] We have conducted an Internal Controls over Sustainability Reporting (ICSR) risk assessment to determine the risk of material misstatement considering the risk profile of the datapoints and the related reporting process. Depending on the assessed risk level, we have determined the required mitigation efforts.

[ESRS 2 GOV-5 36 (c)] The risk assessment has identified main risks in the areas of data availability, use of estimations and measurement uncertainty in respect of environmental disclosures, mainly scope 3 GHG emissions and avoided emissions. Controls such as data validations and management reviews are in place to mitigate these risks. Findings from these controls trigger corrections and guide improvements to training, processes, systems and data.

[ESRS 2 GOV-5 36 (d)] We have executed an internal controls self-assessment program on a quarterly and yearly basis to assess control design effectiveness and control performance, including ICSR. The program ensures that potential control weaknesses and deficiencies are addressed and corrected in a timely manner. This program is overseen and monitored by the Corporate Assurance Risk & Internal Controls team.

We have also established and implemented an internal assurance certification process in line with the Assurance and Disclosure Governance policy. Assurance certification includes sustainability reporting. All required entities at different levels in the Group certify the fair representation of financial and sustainability information.

[ESRS 2 GOV-5 36 (e)] The assurance and disclosure process is overseen by the relevant management committees. The results of internal control assessments are regularly reviewed by the FACC.

The above-described approach applies to disclosures related to regulatory compliance as well as committed targets as published in this Sustainability Statement.

Strategic approach to sustainability

[ESRS 2 SBM-1] STRATEGY, BUSINESS MODEL AND VALUE CHAIN

With our leading technologies in electrification and automation, ABB is at the core of accelerating the energy transition. We help all industries run at high performance and become more productive, efficient and sustainable. Our Sustainability Agenda is fully in line with this mission. It is strategically embedded across our business and aims to enable a low-carbon society, preserve resources and promote social progress. Our actions are underpinned by a culture of integrity and transparency, extending across our value chain.

[ESRS 2 SBM-1 40 (a) i, 40 (a) ii] ABB is a global technology leader in electrification and automation, combining engineering and digitalization expertise to enable more efficient, sustainable and high-performing industries. Our exposure to customers is geographically balanced while catering to multiple end-markets and segments. Our revenue is derived from customers in the industrial, building, transport & infrastructure, and utilities markets. To enhance ABB's overall strategic focus, in 2025 we entered into an agreement to divest our Robotics division. The divestment is expected to be completed in the second half of 2026, subject to regulatory approvals and customary closing conditions. At the same time, the Machine Automation division, previously a part of the Robotics & Discrete Automation business area together with the Robotics division, has been integrated into the Process Automation (subsequently renamed "Automation") business area. A detailed description of our businesses, their markets and customers along with their products and services as well as changes in the portfolio can be found in our Financial Report 2025 and its appendix.

[ESRS 2 SBM-1 40 (b)] For a breakdown of our consolidated revenues (i) by business area, (ii) by geographic region, and (iii) by product type, see "Note 23 – Operating segment and geographic data" in our Financial Report 2025 – Consolidated Financial Statements.

[ESRS 2 SBM-1 40 (e)] ABB's sustainability-related targets and ambitions include, for example, to avoid emissions throughout the lifetime of our products and to keep value in use: products that last longer, systems built to outperform, and materials reborn through refurbishment, retrofitting and recycling. We continue to support the energy transition to a low-carbon economy with our global electrification and automation solutions. Our sustainability-related targets and ambitions are also supported by our relationships with key stakeholders including collaborative partners, customers, employees, governments and civil society, the investment community, and suppliers. For example, we work with collaborative partners to foster innovation and circular economy practices and with suppliers to reduce greenhouse gas emissions, uphold human rights and labor standards and embed our culture of integrity and transparency along our value chain. We also engage with local communities to support access to education in science, technology, engineering and mathematics (STEM), provide emergency and disaster relief, and raise awareness of conservation and community empowerment.

[ESRS 2 SBM-1 40 (f)] ABB's portfolio of products and solutions supports our sustainability-related targets and ambitions by helping customers globally to electrify their operations, improve energy and resource efficiency, and avoid or reduce emissions. For example, we assess our products against a set of eight KPIs in the ABB Circularity Framework, including circular design principles (in product design and serviceability), product efficiency and lifetime duration. Over the past several years, we have aligned our business portfolio with our purpose of enabling a more sustainable and resource-efficient future and with our technology leadership in electrification and automation. Approximately half of our revenues come from the industrial segment with the other half coming from utilities, buildings, and transport & infrastructure customers.

[ESRS 2 SBM-1 40 (g)] Sustainability is a core element of ABB's purpose and is therefore reflected in ABB's strategy and embedded across all business areas. Our efforts support ABB's Sustainability Agenda to enable a low-carbon society, preserve resources and promote social progress.

We have identified several key sustainability-related challenges ahead, including:

- the decarbonization of energy systems and industrial operations;
- the transition to circular business models;
- ensuring supply chain resilience and responsible sourcing; and
- increasing regulatory demands, including on data quality and transparency.

To address these challenges, we are implementing solutions and projects such as our Mission to Zero™ program to reduce greenhouse gas emissions from our operations, advancing product design based on sustainability criteria and providing our customers with easy access to Environmental Product Declarations (EPDs) to increase transparency.

[ESRS 2 SBM-1 42] We operate a global business model across our business areas. The model is built on technology leadership, a broad industrial customer base and a globally distributed value chain.

[ESRS 2 SBM-1 42 (a)] Our inputs include raw materials, components and services that are sourced through a global supplier base. We conduct due diligence and engage in supplier evaluation mechanisms such as EcoVadis to promote responsible sourcing. In the case of raw materials, we take measures to identify and mitigate associated risks through internal programs, partnerships and supplier engagement.

[ESRS 2 SBM-1 42 (b)] Our outputs include technologies, products and services that serve the needs of industrial sectors. These outputs contribute to energy efficiency, emissions reduction and sustainable resource use. Outcomes for stakeholders include cost and energy savings, improved supply chain performance and enhanced compliance with regulatory requirements.

[ESRS 2 SBM-1 42 (c)] Our upstream value chain includes multiple tiers of suppliers covering a wide variety of geographies and sectors, with direct relationship mainly to suppliers of semi-finished and fabricated products, electronic components and systems. Downstream, our customers span a wide range of industries. Products and solutions are delivered through direct sales, partners and distributors. We also advance circular business models, including repair, reuse and recycling.

Stakeholder engagement

[ESRS 2 SBM-2] INTERESTS AND VIEWS OF STAKEHOLDERS

[ESRS 2 SBM-2 45 (a)] At ABB, we have identified our most relevant stakeholder groups as collaborative partnerships, customers, employees, governments and civil society, the investment community, and suppliers as shown in the table below. In addition, selected stakeholder interests and views were taken into consideration in the materiality assessment process (see section “Double Materiality Assessment”, IRO-1). To further enhance stakeholder engagement, in 2025 we initiated a comprehensive review. The outcome includes identifying new relevant stakeholder groups, mapping and prioritizing them based on relevance and potential impact, and reviewing engagement levels and methodologies. Implementation of the enhanced stakeholder engagement is planned for 2026.

[ESRS 2 SBM-2 45 (a), 45 (a) i, 45 (a) ii, 45 (a) iii, 45 (b)]

Stakeholder group	Approach to engagement
Collaborative partners	We collaborate with companies and academic institutions on a wide range of social, environmental, and technological activities and topics. These partnerships serve to foster knowledge exchange, enabling us to stay abreast of the latest developments, contribute to innovation, provide access to talent, expand markets and address complex challenges in a more effective manner. The engagement is done both centrally and at a divisional level. How we engage: • Collaborations with academic institutions to drive innovation, including themes related to energy efficiency, security and transition; • Participation in industry groups, like the Energy Efficiency Movement, to drive innovation and advance policy; • Membership in sustainability-related international organizations such as Global Business Initiative on Human Rights (GBI), UN Global Compact, World Business Council for Sustainable Development (WBCSD) and the Responsible Minerals Initiative (RMI). We also collaborate with organizations such as the International Committee of the Red Cross (ICRC), the Climate Group, the Science Based Targets initiative (SBTi), the International Code of Conduct Association (ICoCA) and the Responsible Security Association; and • Technology and innovation partnerships with companies as well as startups through our SynerLeap program to lay the basis for potential future direct investments or acquisitions.
Customers	Meeting customer needs and expectations is essential to our success. The engagement with customers on sustainability topics occurs primarily via our divisions and includes sustainability-focused meetings and projects. How we engage: • Customer collaboration around ABB's product offerings to enable targeted innovation and emission reduction in the product use phase; • Addressing sustainability questions from customers, for example, in connection with business opportunities or providing data that is needed for customers to evaluate their carbon footprint by providing Environmental Product Declarations (EPDs), Product Carbon Footprints (PCF) and EcoSolution™ QR codes; and • To enhance circularity efforts, we engage in customer partnerships such as enabling take-back schemes and lifetime extension via product refurbishment.
Employees	Employees are vital for achieving our targets and staying competitive. Employee engagement takes place at different levels across the organization. How we engage: • Annual Employee Engagement Survey, followed up with local workshops to discuss the results and define actions; • Targeted pulse surveys on specific topics; • Annual performance reviews; • Negotiating with collective bargaining associations; • Networks of Employee Resource Groups, addressing and promoting sustainability-related questions; • Courses, learning pathways and workshops available to employees on sustainability topics; and • Engagement and training on business conduct.

Stakeholder group	Approach to engagement
Governments and civil society	We engage with governmental, regulatory, political and economic stakeholders, local communities, the media, non-governmental organizations etc. at global, national and local levels. These key stakeholders provide the political and regulatory support and public trust necessary to achieve sustainable growth. Engagement with government and civil society takes place both centrally and at a divisional level. How we engage: • Volunteering, especially in the field of community engagement; and • Meetings with regulators to understand their priorities and share our views on policy issues and advocate the deployment of low-carbon technologies and energy-efficient solutions.
Investment community	The investment community enables ABB's access to finance and includes such market participants as shareholders, debtholders, analysts, rating agencies and proxy advisors. Investor relations are managed at corporate level through the Investor Relations team supported by Corporate Sustainability. How we engage: • Annual General Meeting; • Investor relations website linking to our sustainability page; • One-on-one meetings, including requests from investors for specific meetings to understand sustainability performance; • Quarterly analyst and investor webcasts, including a specific section on sustainability; and • Investor roadshows focusing on sustainability.
Suppliers and Workers in the Value Chain	Our suppliers have a significant impact on our operations and success as well as our ability to meet our sustainability targets. Working with suppliers allows us to identify and mitigate risks in the supply chain. While day-to-day engagement with suppliers is primarily done in our divisions, several of the engagement programs and supplier-related policies are centrally coordinated through topic-specific workstreams. Depending on the concrete subject and initiative, we also engage directly with workers in the value chain, with legitimate representatives or through their employers. How we engage: • Monitoring and active engagement through our Sustainable Supply Base Management (SSBM) program, our Responsible Minerals Program and Material Compliance Program; • Partnerships to access more sustainable materials; • On-site evaluations and audits including interviews with the suppliers' employees; and • Business areas holding Supplier Day events.

[ESRS 2 SBM-2 45 (a) iv, 45 (a) v, 45 (b), 45 (d)] We engage with our stakeholders for specific strategic and reporting purposes to gain insights into how they perceive value and what matters to them most in terms of economic, environmental and social issues. These engagements contribute to our understanding of stakeholder expectations. Through the DMA results, ABB's management is aware of the views and interests of the included stakeholders. Over the coming years, we aim to further develop our stakeholder engagement process to ensure that all stakeholder input is systematically integrated into our strategic decision-making and our approach to managing impacts, risks and opportunities.

Strategic amendments

STRATEGY ALIGNMENTS TO ADDRESS STAKEHOLDER VIEWS

[ESRS 2 SBM-2 45 (c)] We are continuously evolving our strategy and business model, with stakeholder expectations and sustainability-related risks and opportunities taken into account as part of the review process. Views from our own workforce are collected through the annual Employee Engagement Survey. We consider the interests and conditions of workers along our value chain, recognizing that fair labor practices, safe working conditions and a motivated workforce support productivity and the effective execution of our operations. While affected communities are not directly informing our strategy or business model, we respect and actively promote human rights and ethical business conduct. Our customers and investors provide regular feedback that is considered in our annual strategy refresh. In line with our Code of Conduct, we consider human rights in all our activities and processes, including strategy development.

[ESRS 2 SBM-2 45 (c) i] Recent amendments include integrating sustainability metrics into core processes, such as product development, sourcing and performance planning.

[ESRS 2 SBM-2 45 (c) ii] Further planned steps include expanding our circular business offerings, increasing product transparency through life cycle assessments and Environmental Product Declarations, and further embedding sustainability into our core operations. These steps are being implemented progressively over the short to medium term.

[ESRS 2 SBM-2 45 (c) iii] These changes strengthen our stakeholder relationships by addressing their concerns and priorities, such as transparency, compliance and sustainable impact, and are intended to reinforce our position as a trusted sustainability partner.

Material impacts, risks, and opportunities

[ESRS 2 SBM-3] MATERIAL IROs AND INTERACTION WITH STRATEGY AND BUSINESS MODEL

[ESRS 2 SBM-3 48 (a)] A disclosure and description of the material IROs resulting from our materiality assessment will be found below under [ESRS-2 IRO-1]. This includes a description of how they (may) affect our business model and in which part of the value chain they are concentrated. Some IROs originate from our manufacturing activities and sourcing practices. There are also brief overviews in the topical standard chapters of this Sustainability Statement.

[ESRS 2 SBM-3 48 (b)] In response to the above, we have taken steps to integrate sustainability considerations into relevant processes, including product development, sourcing practices and transparency efforts. We are also adapting our offerings to capture growth opportunities in sustainability-driven markets and strengthen our resilience to environmental and social risks.

[ESRS 2 SBM-3 48 (c) i] The potential or actual negative and positive impacts of our operations on people or the environment are discussed in the IRO table below (ESRS 2 IRO-1). [ESRS 2 SBM-3 48 (c) ii] Our material impacts, including those related to climate change, resource use and supply chain practices, influence our strategic choices and operational model. They are reflected in our commitments to decarbonization, circularity and sustainable sourcing. [ESRS 2 SBM-3 48 (c) iii] The reasonably expected time horizons of the impacts differ greatly from one to the other. They are explained in the IRO table. [ESRS 2 SBM-3 48 (c) iv] The material impacts we are involved with relate to both our activities (own operations) and our business relationships (upstream and/or downstream value chains), depending on the IRO in question. The nature of these relationships is disclosed in the IRO table.

[ESRS 2 SBM-3 48 (d)] We identify current financial effects recognized in the financial position, financial performance, cashflows and carrying values of assets and liabilities reported in the financial statements based on the assessment of our IROs for which there is a significant risk of material adjustment within the next annual reporting period. The identification of current financial effects is included in our financial reporting process. For 2025, we have not identified any material current financial effects of our material risks and opportunities.

[ESRS 2 SBM-3 48 (g)] The materiality assessment update performed in 2025 included a full revision of the material IROs presented in the 2024 Sustainability Statement.

[ESRS 2 SBM-3 48 (h)] The following IROs are partially covered by entity-specific disclosures (i.e., avoided emissions): E1-PI-01, E1-NI-01, E1-NI-04, E1-O-01, E1-O-02, E1-O-03, E1-O-05; and (i.e., SSBM): S2-O-01, G1-PI-04, S2-NI-01, S2-NI-03.

RESILIENCE OF STRATEGY

[ESRS 2 SBM-3 48 (f)] The resilience of our strategy and business model in addressing material IROs is analyzed on a regular basis, including the strategy refresh process, where opportunities are identified and reviewed as each business area and division validates or updates its strategy, ambitions and strategic priorities. As part of this process, a portfolio assessment is conducted to evaluate the performance and strategic attractiveness of our businesses and of potential future acquisitions. A sustainability lens is applied to this assessment to understand sustainability-related market opportunities and monitor our progress in making ABB more sustainable, in line with our Sustainability Agenda.

Risks are identified through our ERM process, which identifies and assesses material risks to strategic and business objectives and ensures appropriate mitigation measures are in place. This approach supports building resilience based on our proactive approach to risk management.

Together, these two processes provide a qualitative view of our resilience across different time horizons (including those defined in ESRS 1, chapter 6), addressing our capacity to manage material impacts and risks and to take advantage of material opportunities.

Double Materiality Assessment

[ESRS 2 IRO-1] DESCRIPTION OF PROCESS TO IDENTIFY AND ASSESS MATERIAL IROs

[ESRS 2 IRO-1 53 (a), 53 (b) ii, 53 (g)] In 2024, ABB performed a DMA on Group level, including all subsidiaries, aligned with the ESRS. In 2025, the DMA was further refined, and updated building upon the 2024 assessment and focusing on validating the continued relevance of the identified material IROs. The DMA process in 2024 focused on both our own operations and our value chain.

[ESRS 2 IRO-1 53 (b)] The process was structured into four phases, guided by due diligence activities and supported by key data sources at each phase, as outlined below:

[ESRS 2 IRO-1 53 (b) iii] The **understanding phase** considered the previously conducted Human Rights Risk Assessment (HRRA) to map the value chain and incorporated the results of the 2023 stakeholder engagement. To understand the value chain, the previously conducted HRRA was taken as a basis. The activities considered as upstream and downstream value chain were research & development/testing/support functions, components manufacturing and assembly, transport and logistics, bidding, sales and distribution, projects and services, raw material extraction and processing, use by ABB customers and end-users, and end of life.

[ESRS 2 IRO-1 53 (b) i] During the **identification phase**, potential IROs were identified through stakeholder input, internal analyses, interviews with representatives from our business areas and industry knowledge, to focus on specific activities, business relationships, geographies or other factors that give rise to a heightened risk of impacts across our entire value chain. Impacts were identified through, for example, industry knowledge, the HRRA and internal environmental research, taking into account our business model and strategy.

[ESRS 2 IRO-1 53 (c), 53 (c) i, 53 (c) iii, 53 (e)] ABB's ERM process is our holistic approach to addressing risks, which could adversely affect the achievement of our strategic business objectives and lead to a material financial impact. The process encompasses all levels of ABB and considers both internal and external sources of risks. It requires all divisions, business areas and corporate functions to identify and assess their most critical risks based on our defined methodology. Sustainability risks are an integral part of the ERM process, with their potential effects being considered primarily over the short and medium term, as well as effects of a long-term nature (e.g., resulting from climate risks). We prioritize sustainability risks similar to other enterprise risks. We consider the connections and dependencies between our impacts, risks and opportunities in an integrated way. Specifically for risks, we consider the connection and dependency on impacts as part of the identification and assessment phases and do not differentiate between sustainability risks and enterprise risks. This ensures that both an outside-in and inside-out perspective are considered and support a fuller assessment of the risks. Sustainability risks are mapped to relevant ESRS topics.

Similarly, opportunities connected to impacts were also considered for the DMA. This involved assessing how the identified opportunities could lead to potential impacts and integrating these considerations into the overall DMA process. Opportunities across business areas were identified using our 2023 Integrated Report and Sustainability Report as well as the internal stakeholder survey.

[ESRS 2 IRO-1 53 (b) iv] During the **assessment phase**, negative impacts were assessed based on their relative severity (scale, scope, irremediability) and likelihood, and positive impacts based on their relative scale, scope and likelihood. Impacts were assessed using desktop research and industry knowledge. The assessment of impacts was validated through insights gathered from stakeholder surveys. [ESRS 2 IRO-1 53 (c) ii] In line with ESRS, we have assessed risks based on the magnitude of their potential financial effect and the likelihood of their occurrence. For the assessment we drew upon the results of ABB's ERM process. Opportunities were evaluated based on their financial impact and likelihood, informed by stakeholder input.

In the **determination phase,** we have adopted thresholds to determine which of the sustainability topics will be covered in our Sustainability Statement. [ESRS 2 IRO-1 53 (c) ii, 53 (d)] Different options for the scored IROs aggregated to ESRS subtopics were analyzed, including benchmarking against peers and prior materiality. The 2024 threshold was deemed still relevant. IROs below this threshold were considered not material. To decide on the most sensible threshold, different options for the cut-offs on the scored IROs aggregated to ESRS sub-topics were created, tested, discussed in working sessions, and benchmarked. [ESRS 2 IRO-1 53 (d)] The 2024 DMA was reviewed and approved by the ABB Sustainability Reporting Steering Committee. [ESRS 2 IRO-1 53 (f)] Impacts and opportunities are shared with the business areas for strategic considerations.

[ESRS 2 IRO-1 53 (a), 53 (h)] In the initial DMA process, we have applied certain assumptions. We have considered the findings from the 2023 materiality assessment and the supporting stakeholder engagement (described in detail in our 2023 Sustainability Report) and concluded that they remain applicable to this year's IROs. Additionally, the ERM process was deemed appropriate and the HRRA mapping across the value chain remains relevant.

DMA update 2025

The outlined DMA process from 2024 served as a basis to consider the derived material IROs for their ongoing relevance. For this, we conducted our annual update of the DMA outcome in 2025.

Identified risks from 2024 were updated based on the latest results of the ERM process. The ongoing relevance of the opportunities identified in 2024 has been considered through evaluating each opportunity in the context of our most recent annual financial report and integrated report.

ABB established and applied an internal methodology to assess the ongoing relevance of its impacts annually. This approach entails systematically reviewing various dimensions to identify key changes influencing our business and sustainability priorities, including significant business changes, due diligence findings and new stakeholder perspectives. If such key changes are identified, the relevant impacts are re-evaluated.

[E2 IRO-1 11 (a), 11 (b) | AR 9] As part of the DMA update, pollution related impacts and risks were reviewed. For this, publicly accessible regulatory databases, including the European Pollutant Release and Transfer Register (E-PRTR) and the European Industrial Emissions Portal, were examined. These databases cover emissions to air, water and land, as well as off-site transfers of pollutants, and require reporting only when defined regulatory thresholds are exceeded. A review of pollutant releases for the geographies in which ABB operates, focusing on its largest manufacturing sites globally, confirmed that none exceeded the applicable reporting thresholds. Based on this assessment, ABB adjusted the scoring for the pollution-related impacts, which resulted in a change in materiality. As a result, E2 (Pollution) is now excluded from the material matters of ABB.

Based on the initial DMA process in 2024 and its update in 2025, the following ESRS subtopics were derived as material, reviewed and approved by the ABB Sustainability Reporting Steering Committee. Next to the update, we also revised our IROs with a view to streamlining and simplifying the language, which has not impacted the identified material sub-topics or material information in the Sustainability Statement. All IROs were validated by internal experts.

E1: Climate change	
1	Climate change adaptation
2	Climate change mitigation
3	Energy
E3: Water and marine resources	
4	Water
E5: Resource use and circular economy	
5	Resource inflows, including resource use
6	Resource outflows related to products and services
7	Waste
S1: Own employees	
8	Working conditions
9	Equal treatment and opportunities for all
10	Other work-related rights
S2: Workers in the value chain	
11	Working conditions
12	Equal treatment and opportunities for all
13	Other work-related rights
S3: Affected communities	
14	Communities' economic, social and cultural rights
15	Communities' civil and political rights
S4: Consumers and end-users	
16	Information-related impacts for consumers and/or end-users
17	Personal safety of consumers and/or end-users
G1: Business conduct	
18	Corporate culture
19	Protection of whistleblowers
20	Management of relationships with suppliers including payment practices
21	Corruption and bribery

ABB'S MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IROS)

[ESRS 2 SBM-3 48 (a), 48 (b), 48 (c) i, 48 (c) ii, 48 (c) iii, 48 (c) iv, 48 (d), 48 (f), 48 (g), 48 (h)] The following table shows a list of our material IROs, their nature and where in the value chain they are located:

ID	Material impacts, risks and opportunities	Type[1]	Value chain	Time horizon
E1 - Climate change				
E1-NI-01	A significant portion of GHG emissions occurs downstream, during the operation of ABB's technologies. The energy and fuel consumption, as well as power loss of our products contribute to carbon emissions over their lifecycle, further exacerbating climate change.	Negative impact (A)	downstream	short-, medium-, long-term
E1-PI-01	By developing energy-efficient processes, ABB helps to reduce energy consumption and avoid associated emissions for our customers.	Positive impact (P)	downstream	medium-term
E1-PI-02	ABB has a positive impact on sustainable practices in the upstream value chain together with suppliers, such as using renewable energy, sourcing more sustainable materials, energy-efficient measures, or using recycled materials.	Positive impact (A)	upstream	medium-term
E1-NI-02	The production, the assembly and transportation of our products results in the emission of greenhouse gases, which contribute to climate change.	Negative impact (A)	own operations	short-, medium-term
E1-NI-03	The reliance on fossil fuels for manufacturing, transportation, and raw material extraction contributes to substantial GHG emissions. There are high emissions through the use of energy-intensive methods, including high-temperature processes and large-scale machinery. Transportation also generates emissions through fossil fuel consumption. These emissions intensify climate change.	Negative impact (A)	upstream	short-, medium-, long-term
E1-NI-04	Energy consumption from non-renewable energies in our own operations and value chain can have a negative effect on climate change.	Negative impact (A)	upstream, own operations, downstream	medium-term
E1-O-01	Opportunity to be seen as a thought leader in advancing climate change mitigation efforts by leading the conversation, setting informal standards/regulations and collaborating with stakeholders. This can enhance our reputation, which potentially attracts new customers. Furthermore, it can lead to strategic partnerships, sustainability-focused investments, reduced capital costs and improved financial stability	Opportunity	upstream, own operations, downstream	short-, medium-term
E1-O-02	Opportunity to improve presence on approved vendor lists, enhance energy efficiency of products, improve competitive position in the market, shift energy consumption from fossil fuels to clean energy, and develop/deploy products, solutions, and technologies that meet changing customer demand for more low carbon products.	Opportunity	upstream, own operations, downstream	short-, medium-term
E1-O-03	By developing and providing solutions that enable the energy transition and energy efficiency, we can inspire professionals and therefore attract and retain talent. This can reduce recruitment costs, boost productivity and foster innovation.	Opportunity	own operations	medium-term

ID	Material impacts, risks and opportunities	Type[1]	Value chain	Time horizon
E1-O-04	ABB can reduce its energy costs by adopting renewable energy sources like solar and driving energy efficiency via initiatives such as LED lighting, HVAC upgrades and optimized manufacturing. Integrating renewables with smart grids enables decentralized production and advanced energy management, boosting efficiency and cutting costs.	Opportunity	own operations	short-, medium-, long-term
E1-O-05	The global expansion of the renewable energy market presents opportunities in large-scale renewable projects and sustainable cities. By leading technological innovation and offering low-carbon products, ABB can attract customers increasingly focused on decarbonization. The rising need for electrification and automation in transportation further enhances business opportunities.	Opportunity	own operations, downstream	medium-, long-term
E1-R-01	The transition to SF6-free technology, driven by regulatory changes in Europe, poses a risk if ABB is too slow to adapt or lacks a competitive product in terms of cost and technology.	Risk	own operations, downstream	medium-term
E1-R-02	Failing to meet emissions reduction on publicly stated commitments could lead to negative publicity, downgrading in sustainability rankings and missed business opportunities. Additionally, communicating these types of objectives and benefits in a way that may be seen as unrealistic could result in accusations of 'greenwashing'.	Risk	own operations	medium-term
E1-R-03	ABB faces significant sustainability risks related to climate change, including the impact of extreme weather events. For instance, ABB's business operations are at risk of being disrupted in highly water-stressed areas.	Risk	own operations	medium-term
E3 - Water				
E3-NI-01	Raw material extraction requires significant amounts of water for processes like crushing and grinding. Poor water treatment impacts operations and safety, contributing to water stress and affecting local ecosystems.	Negative impact (A)	upstream	short-, medium-, long-term
E3-NI-02	The production processes, including the fabrication of components and assembly of systems, often require significant amounts of water. High water usage in manufacturing contributes to the depletion of freshwater resources and can exacerbate water scarcity issues in regions where the industry operates.	Negative impact (A)	upstream, own operations	short-, medium-, long-term
E5 - Circular economy and resource use				
E5-PI-01	By adopting practices such as product reparability, durability and other circular economy principles, ABB has a positive impact on transitioning to a circular economy.	Positive impact (A)	upstream, downstream	medium-term
E5-PI-02	By implementing circular solutions through the ABB Circularity Approach, there is a potential for a positive impact on transitioning to a circular economy.	Positive impact (P)	upstream, own operations, downstream	short-term
E5-NI-01	The use of raw materials in operations leads to the depletion of non-renewable resources through resource inflows and resource use, impacting the sustainability of operations and contributing to resource scarcity.	Negative impact (A)	upstream, own operations	long-term
E5-NI-02	ABB products may end up in landfills after use, leading to the depletion of materials.	Negative impact (P)	downstream	short-, medium-, long-term

ID	Material impacts, risks and opportunities	Type[1]	Value chain	Time horizon
E5-O-01	Opportunity to be seen as a thought leader in the circularity development by leading the conversation on circularity and proposing initiatives encouraging competitors to adjust their practices. This enhances our reputation, which can attract new customers, result in a boosting of market share and profitability. Furthermore, it can lead to strategic partnerships, sustainability-focused investments, reduced capital costs and improved financial stability.	Opportunity	own operations, downstream	short-term
E5-O-02	Costs can be reduced by minimizing raw material usage, reducing waste, and enhancing storage efficiency through circular models. By adopting sustainable sourcing practices, ABB can conserve resources and lower costs.	Opportunity	upstream, own operations	medium-, long-term
E5-O-03	ABB has the opportunity to invest in partnerships and collaborations with external stakeholders. By developing innovative products and services, ABB can differentiate itself from competitors, increase market share and enhance visibility with customers.	Opportunity	upstream, own operations, downstream	medium-term
E5-R-01	Failing to meet our circularity commitments could lead to negative publicity and missed business opportunities. Additionally, communicating these types of objectives and benefits in a way that may be seen as unrealistic could result in accusations of 'greenwashing'.	Risk	upstream, own operations, downstream	medium-term
S1 - Own workforce				
S1-PI-01	Policies, diversity programs and employee training can foster equal opportunities, promoting inclusive practices and a positive work environment.	Positive impact (P)	own operations	short-, medium-term
S1-PI-02	By ensuring employment security, fair wages and worker participation, employees experience greater stability, engagement and job satisfaction, contributing to overall wellbeing in the workplace.	Positive impact (A)	own operations	short-term
S1-NI-01	Industry dynamics and historical patterns of female participation in STEM studies have resulted in fewer leadership roles covered by women to ascend to leadership positions, also at ABB. This could contribute to gender inequality, may limit diverse perspectives in leadership, and perceived growth opportunities for women, affecting team dynamics and decision-making and imbalance at management and operational levels.	Negative impact (P) Widespread/systemic	own operations	short-term
S1-NI-02	Poor working conditions, workload/stress and any other disruptions related to Health, Safety, and Environmental (HSE) within the operations can lead to safety hazards and potential negative health impacts on ABB's own workforce.	Negative impact (P) Individual incidents	own operations	short-term
S1-O-01	ABB's sustainable innovation and environmental responsibility, combined with strong health and safety standards, equal opportunities and attractive conditions enhance employee engagement, talent attraction and retention, which drive business growth.	Opportunity	own operations	medium-term
S1-R-01	Personal injuries or fatalities can damage reputation, affect future sales and lead to costly lawsuits. Non-compliance with HSE can significantly harm ABB's reputation and brand.	Risk	own operations	long-term
S1-R-02	The loss of employee data in cybersecurity breaches can result in financial repercussions, including settlements for affected employees, reputational damage lowering business opportunities and market value, and increased costs for security enhancements.	Risk	own operations	short-term

ID	Material impacts, risks and opportunities	Type[1]	Value chain	Time horizon
S1-R-03	A perceived misalignment with diversity and inclusion commitments may present reputational risks, particularly as market expectations shift. Limited diversity in leadership could impact stakeholder trust and employer branding.	Risk	own operations	long-term
S1-R-04	Increasing regulatory requirements for pay equity and transparency may introduce compliance challenges. Potential shortfalls in regulatory alignment could impact reputation, talent retention and regulatory standing.	Risk	own operations	short-, medium-term
S1-R-05	Economic pressures and intensifying competition for skilled professionals may impact the ability to attract, retain and develop talent in certain fields. Shifts in workforce demographics and evolving skill demands could lead to capability gaps and increased hiring costs.	Risk	own operations	medium-term
S2 - Workers in the value chain				
S2-PI-01	ABB offers various programs to support workers in adapting to automation: ABB Robotics training centers, free e-learning opportunities, Robotics education packages for educational institutions, providing ABB Robot Studio (robotics programming software) at no cost to educational facilities, and ongoing efforts to enhance the user-friendliness of our products.	Positive impact (A)	downstream	short-, medium-, long-term
S2-NI-01	Child labor, forced labor, modern slavery, exploitation and human trafficking might occur in upstream extraction activities and processing and downstream. This has a severe impact on the lives of value chain workers.	Negative impact (P) Individual incidents	upstream, downstream	short-, medium-, long-term
S2-NI-02	There is a negative impact on workforce due to implementation of robotics and automation of processes leading to job losses.	Negative impact (A) Widespread/systemic	downstream	short-term
S2-NI-03	Physical work (such as mining) and production processes including heavy machinery, hazardous chemicals, manual work, low-skilled labor, high percentage of contractors, or waste disposal/ recycling can expose workers in the value chain to severe health and safety breaches.	Negative impact (P) Widespread/systemic	upstream, downstream	short-, medium-, long-term
S2-O-01	ABB has the opportunity to influence compliance with labor laws through assessment of suppliers using due diligence tools such as SAP Ariba. These help improve compliance and limit the risks of litigation, fines and costs related to inefficient monitoring. Demonstrating high compliance standards enhances ABB's reputation in the market, which can improve access to financing and may provide ABB with a competitive edge towards its customers.	Opportunity	upstream	medium-term
S2-R-01	Geopolitical risks are of growing concern for businesses in emerging energy and technology supply chains. Producers of rare earths elements are often found in the most underdeveloped and politically volatile areas, as well as being exposed to environmental, social, and governance (ESG) risks like modern slavery, violation of human rights and deforestation. ABB's contractors and value chain workers are affected by socio-geopolitical events, resulting in asset damage and destruction, disruption of supply chain, economic instability, etc.	Risk	upstream, downstream	medium-term

ID	Material impacts, risks and opportunities	Type[1]	Value chain	Time horizon
S2-R-02	Risk of insufficiently addressing existing and upcoming global regulatory requirements and specifically human-rights related issues occurring in ABB's value chain. This may lead to substantial fines and legal penalties, and to reputational damage, which can result in lost business opportunities and reduced customer trust.	Risk	upstream, downstream	medium-term
S3 - Affected Communities				
S3-PI-01	ABB contributes to the local development of the communities where we operate through the ABB Community Engagement program based on ABB's Four Focus Areas of Intervention.	Positive impact (P)	own operations	short-, medium-, long-term
S3-NI-01	ABB's operations can lead to disruption and health issues of nearby communities due to noise, environmental pollution or hazardous materials.	Negative impact (P) Widespread/systemic	own operations	short-, medium-, long-term
S3-NI-02	The sourcing of minerals from conflict-affected and high-risk areas can contribute to financing state-armed groups who control artisanal scale mines and where human rights of workers are not respected. This can also lead to financing conflicts indirectly.	Negative impact (P) Widespread/systemic	upstream	short-, medium-, long-term
S4 - Consumers and End-users				
S4-NI-01	Safety incidents can happen when ABB products are used, possibly leading to severe health accidents.	Negative impact (P) Individual incidents	downstream	short-, medium-, long-term
S4-R-01	Cyber attacks on ABB systems can threaten brand reputation, operations and customer satisfaction, especially in critical infrastructure. Exploited software vulnerabilities can compromise customer data, and geopolitical factors heighten cyber risks. Sophisticated state-sponsored and organized crime attacks increase exposure to data breaches, regulatory non-compliance, and business disruption.	Risk	own operations, downstream	short-term
S4-R-02	ABB risks exposure to a rapidly evolving regulatory environment, including safety, AI ethics, data privacy, trade laws, sanctions, labor laws and ESG requirements. Compliance may increase costs and operational challenges. Moreover, stricter government controls on automation and AI could delay development and deployment, affecting financial performance.	Risk	downstream	medium-term
S4-R-03	Product malfunctions due to higher usage or external factors (e.g., weather) can damage reputation, lead to workforce fluctuations and increase service demands, raising the risk of errors and warranty costs.	Risk	downstream	medium-term
S4-R-04	Certain divisions face significant risks due to the mission-critical nature of their products. System failure can lead to safety incidents and/or operational disruptions for customers. This results in business losses and financial repercussions.	Risk	downstream	short-term
G1 - Business Conduct				
G1-PI-02	Prevention of corruption and bribery through several mandatory and non-mandatory trainings about the ABB Code of Conduct, and topics including anti-corruption, anti-bribery, anti-trust, third-party management, privacy, hospitality and donation activities, working with governments and other legal compliance topics positively impacts employees and stakeholders by promoting business ethics and corporate culture. This allows stakeholders to be more effective in fostering ethical behavior.	Positive impact (A)	own operations	short-term

ID	Material impacts, risks and opportunities	Type[1]	Value chain	Time horizon
G1-PI-04	ABB has a positive impact on people and the environment by encouraging suppliers to be more sustainable through social and environmental criteria for supplier selection, ABB's requirements as described in the supplier code of conduct and sharing near-term ESG-related targets.	Positive impact (P)	upstream	short-term
G1-PI-05	Policies on whistleblower protection and related training improves workplace safety by promoting ethical conduct, which has a positive impact on both employees and operational integrity.	Positive impact (A)	own operations	medium-term
G1-PI-06	ABB has a positive impact on value chain stakeholders through monitoring ethical conduct and providing value chain stakeholders with access to ABB's reporting channels. This enables stakeholders to voice concerns, including anonymously, through the whistleblower system, helping to identify potential misconduct.	Positive impact (A)	upstream, downstream	short-term
G1-NI-01	Non-compliance with the Code of Conduct has a negative impact on society, employees, customers, shareholders and suppliers due to increased risk of corruption and bribery.	Negative impact (A)	own operations	short-term
G1-O-01	By working to foster an ethical environment (e.g., through integrity training), ABB can create a culture and environment that sets up ABB and its stakeholders for long-term, sustainable success. Fostering an ethical environment can strengthen ABB's reputation, helps to meet customer expectations and mitigates the risk of incurring costs via regulatory enforcement.	Opportunity	own operations	medium-term
G1-R-01	The increasing prevalence of ransomware attacks, AI-powered threats and supply chain vulnerabilities complicates cyber defenses, while geopolitical risks contribute to state-sponsored cyber threats. These attacks can lead to the disclosure of classified information, compromising confidentiality, integrity, and availability, resulting in compliance issues and reputational damage.	Risk	upstream	short-term
G1-R-02	Breach of the Code of Conduct is a critical risk for ABB, as this could lead to legal, financial and reputational harm and/or operational disruption.	Risk	own operations	medium-term
G1-R-03	Non-compliance with current and/or rapidly emerging integrity and regulatory requirements poses legal, financial and reputational risks for ABB.	Risk	own operations	medium-term

1 (A) - actual impact; (P) - potential impact

Disclosure Requirements used

[ESRS 2 IRO-2] DISCLOSURE REQUIREMENTS COVERED BY SUSTAINABILITY STATEMENT

[ESRS 2 IRO-2 56] Please see the ESRS Index in the appendix of this report for a full list of all Disclosure Requirements used in this Sustainability Statement and the List of datapoints in cross-cutting and topical standards that derive from other EU legislation appendix for the list of reported datapoints derived from other EU legislations.

[ESRS 2 IRO2 59] To determine the final scope of datapoints, we used the European Financial Reporting Advisory Group (EFRAG) list of datapoints and mapped it to material ESRS subtopics. Voluntary datapoints were excluded, and phase-in provisions were applied as outlined in ESRS 1, Appendix C. Where relevant we have also applied the ESRS 'quick-fix' delegated act of July 11, 2025, either in full or partially for the respective topical standards. All datapoints that were connected to the material sub-topics were evaluated individually by assessing their significance in relation to our material IROs and the importance to our stakeholders together with internal experts.

We disclose information based on its significance in relation to our IROs and their importance to the needs of stakeholders.

Sustainability-related policies

[E1-2 24 | E3-1 11 | E5-1 14 | S1-1 19 | S2-1 16 | S3-1 14 | S4-1 15 | G1-1 7]
ABB's Sustainability Agenda is managed on the basis of established policies and procedures, which are continuously adapted to new developments and regulatory requirements. This section of the Sustainability Statement includes the most important policies and related documents that form part of the ABB Way. It covers the ESRS Disclosure Requirements E1-2, E3-1, E5-1, S1-1, S2-1, S3-1, S4-1, the policy-related aspects of G1-1, and the Minimum Disclosure Requirements for Policies (MDR-P). Specific human rights-related datapoints of S2-1 and S3-1 remain in that topical chapter. The IROs that are covered in these policies are listed in the left-hand margin.

[MDR-P 65 (c)] The most senior level that is accountable for the implementation of the policies lies in most cases with the ABB division presidents. Exceptions are:

- CEO: Code of Conduct, Supplier Code of Conduct, Human Rights Policy and Human Rights Due Diligence Framework;
- CFO: Tax Policy;
- Chief Information Officer: Information and Cyber Security Policy; and
- Vendor Onboarding Governance Board: Standard Vendor Onboarding Procedure.

[MDR-P 65 (b)] All ABB codes of conduct, policies, procedures, requirements, approved codes of practice (ACOP), etc. listed below are mandatory for the entire ABB Group, including joint ventures, consortia, working partnerships, and third-party service providers under ABB management control. [MDR-P 65 (e)] Relevant internal and external stakeholders are expected to benefit from the implementation of our policies. [MDR-P 65 (f)] All policies are made available for internal stakeholders through our intranet. Policies are communicated and provided to respective external stakeholders via our website, contractual documents and supplier portals. [MDR-P 65 (a)] Monitoring of the effectiveness of policies is determined in each policy individually, which may designate the policy owner or business functions as responsible, as appropriate.

ABB WAY

[MDR-P 65 (a)] The ABB Way is our operating model, a governance framework that is designed to safeguard ABB from financial and reputational harm and to enable us to work closely with our customers and stakeholders. It defines how we operate and create value through our business model, people and culture, brand, and governance. To ensure strong governance, the ABB Way links mandatory documents such as policies and procedures. Depending on who issues them, they are applicable to one or more business areas or divisions. Policies describe what is and what is not allowed. Procedures explain how to implement and comply with the Code of Conduct or a policy.

S2-R-02 (UPSTREAM)
S3-PI-01

SUSTAINABILITY POLICY

[MDR-P 65 (a)] The Sustainability Policy aims to set out the core sustainability practices that drive the development and implementation of the Sustainability Agenda, ensuring that ABB is enabling a more sustainable and resource-efficient future, hereby meeting evolving stakeholder requirements. The policy is supported by mandatory sustainability procedures and annexed documents and provides a model for functional governance and operational deployment of the Sustainability Agenda.

The Sustainability Accountability Model, an annex to this policy, details the functional governance required to effectively deploy the policy including roles and responsibilities and decision and escalation processes. The Sustainability Council approves the Sustainability Accountability Model and any changes to it.

The Sustainability Policy covers all sustainability topics and some IROs at a high level. Additionally, some IROs are covered by more specific policies as indicated below.

E1-O-01
E1-O-02
E1-O-03
E1-O-04
E1-O-05
E1-R-01
E1-R-02
E1-R-03
E1-PI-01
E1-PI-02
E1-NI-01
E1-NI-02
E1-NI-03
E1-NI-04

CLIMATE PROCEDURE

[MDR-P 65 (a)] In 2025, ABB simplified the procedure structure by creating a Climate Procedure that covers all key climate-related targets and actions, superseding previous policies. Effective since December 1, 2025, the changes to the Climate Procedure have no impact on the targets, actions or metrics linked to the policy and IROs. To reach our overarching target of net-zero emissions by 2050, we have set near-term (2030) and long-term (2050) targets. The Climate Procedure details the key roles and responsibilities associated with delivering upon these targets:

- In reducing our scope 1 emissions we have committed to electrifying our fleet of vehicles in line with the requirements of the EV100 initiative of the Climate Group.
- Our commitment to reach 100 percent of our electricity consumption from renewable sources by 2030 is in line with the RE100 initiative of the Climate Group.
- We want to improve our energy productivity by 20 percent and implement energy management systems meeting our Smart Energy Coalition (formerly EP100) initiative commitment.
- Decarbonization of fossil-fueled assets, SF_6-management and reduction in GHG emissions from refrigerants (HFCs) are the last part of our scope 1 & 2 reduction efforts.
- To decrease absolute GHG emissions in our value chain we need to work with suppliers and customers as 99 percent of our value chain emissions are concentrated in the scope 3 categories 1 (Purchased Goods and Services) and 11 (Use of Sold Products).

Furthermore, the Climate Procedure covers our approach to assessing physical climate risks, climate transition risks and opportunities as well as managing adaptation measures across our facilities.

ENERGY MANAGEMENT REQUIREMENTS

[MDR-P 65 (a)] This policy establishes the minimum requirements to be met for energy management at sites and in operations controlled by ABB. It demands from all ABB units to establish an energy baseline and to classify the significance of their energy footprint. Site managers are asked to consider energy in long-term planning, including the identification and consideration of retrofit requirements. ABB units with significant energy footprints shall introduce a basic energy management system and an action plan. This policy is complemented by an Energy Management ACOP, which includes concrete examples or suggestions of how this can be done.

E5-NI-01
E3-NI-01
E3-NI-02

ENVIRONMENTAL PROCEDURE

[MDR-P 65 (a)] Our Environmental Procedure has been effective from December 1, 2025, superseding previous policies. The change is a result of an internal policy revision process. The document describes specific objectives and targets related to waste, water and biodiversity. It builds on the Sustainability Policy, the Health, Safety, Environment (HSE) & Security Policy and is supported by different standards, that establish minimum requirements for the management of waste and water in entities under ABB's operational control.

Our procedure defines the key aspects and requirements of our following targets and ambitions:

- We aim to send zero waste from our operations to landfill by 2030, wherever this is compatible with local conditions and regulations, while strengthening our capability to prevent and reduce waste generation by utilizing the waste hierarchy principles.
- We aim to strengthen water stewardship at ABB sites located in areas of water stress.
- We are committed to preserving biodiversity and to using land responsibly.
- As set out in ABB's Code of Conduct, ABB complies with environmental laws and regulations in the countries where we operate.

Furthermore, the Environmental Procedure specifies the reporting requirements and the chain of responsibility as well as the exceptions management process.

E5-O-01
E5-O-02
E5-O-03
E5-R-01
E5-PI-01
E5-PI-02
E5-NI-01
E5-NI-02

CIRCULARITY APPROACH

[MDR-P 65 (a)] The key procedure guiding ABB's circularity efforts is the Circularity Approach – Appendix to the Sustainability Policy, which defines how we apply circular economy principles across our products and operations. This procedure defines the targets, governance model, key performance indicators, methodologies and monitoring systems needed to ensure effective implementation of ABB's circularity objectives. It supports the advancement of circular practices throughout the entire value chain, aiming to reduce resource use and improve the environmental performance of our products in alignment with both regulatory requirements and internal sustainability-related targets. Central to our Circularity Approach is the assessment of products against a set of eight KPIs in the ABB Circularity Framework. This includes circular design principles (in product design and serviceability) and sustainable materials content in products (including use of recycled resources). Also included are issues of product efficiency and lifetime duration, such as take-back and recycling services to increase the circularity of the materials used. The reduction of virgin raw materials intensity, resource-efficient manufacturing and packaging, optimized use phase and responsible end-of-life management are also elements of the framework.

E3-NI-02

WATER MANAGEMENT & CONSERVATION REQUIREMENTS

[MDR-P 65 (a)] This document establishes the minimum requirements for the management of water at ABB-controlled sites. Among other things, it stipulates that all aspects and impacts of water withdrawal and use, as well as the discharge of wastewater, shall be identified, assessed and documented in accordance with applicable regulations. It also requires that ABB units that are located in water stressed areas and units with annual water withdrawals of more than 10,000 cubic meters must have an adequate action plan for how to reduce these withdrawals. These requirements are complemented by the Water Management & Conservation Approved Code of Practice (ACOP), which provides guidance and additional resources.

S1-PI-01
S1-PI-02
S1-NI-01
S1-O-01
S1-R-02
S1-R-03
S2-NI-01 (UPSTREAM)
G1-R-02
G1-R-03
G1-O-01
G1-NI-01
G1-PI-02
G1-PI-05
G1-PI-06

CODE OF CONDUCT

[MDR-P 65 (a)] The ABB Code of Conduct (CoC) is the foundation of our commitment to integrity. It provides practical guidance to our workforce, suppliers and other business partners in how we expect business to be conducted worldwide. We are convinced that, in order to continue to be an industry leader in a challenging environment, we must drive the highest standards of integrity, accountability, sustainability and transparency.

The CoC stipulates five integrity principles:

- We behave and do business in an ethical way.
- We work in a safe and sustainable way.
- We build trust with all stakeholders.
- We protect ABB's assets and reputation.
- We speak up and do not retaliate.

The CoC includes 16 integrity focus areas including, among other aspects, anti-bribery and anti-corruption, communication, conflicts of interest, fair competition/antitrust, human rights, prevention of money laundering, privacy, etc. It also outlines how individual concerns can be raised, i.e., via our ABB Ethics hotline, and how potential whistleblowers will be protected.

S1-PI-01
S1-NI-01
S1-R-03
S1-R-04

DIVERSITY, EQUITY AND INCLUSION POLICY

[MDR-P 65 (a)] The ABB Diversity, Equity and Inclusion (D&I) Policy sets out the core elements of our diversity and inclusion practices within the ABB Group. It outlines the mandatory minimum standard by defining what is core within the area of D&I. To secure a sustainable, diverse workforce, all business areas, divisions and functions are required to adhere to our D&I strategy and its related targets and activities. These are intended to guide our decisions, increase awareness and ensure focus.

S1-PI-01
S1-PI-02
S1-NI-01
S1-O-01
S1-R-03
S1-R-05

PEOPLE DEVELOPMENT POLICY

[MDR-P 65 (a)] The People Development Policy underpins our approach to people development. It sets forth the central features of the people development practices that apply to all employees in our business areas and functions. It outlines mandatory minimum standards for each of our human resources focus areas: Employee Engagement, the Open Job Market, and our Learn, Connect, Grow approach.

S1-PI-01
S1-NI-01
S1-O-01

ENGAGEMENT SURVEY PROCEDURE

[MDR-P 65 (a)] This procedure sets out the purpose and outlines the way in which the global ABB Engagement Survey is implemented each year, including the way the results are shared and actions set and followed up. The main purpose of the Employee Engagement Survey is to drive engagement in ABB, ensure that our employees are heard, and that actions based on the survey's outcomes are implemented. The survey allows our business leaders and managers to track employee engagement in their teams year on year, understand what is working well in the organization, and to capture and take action on employees' suggestions for improvement. To achieve this, the policy outlines key principles regarding confidentiality and access rights, as well as guidance on implementation and monitoring.

S1-PI-01
S1-R-05

OPEN JOB MARKET PROCEDURE

[MDR-P 65 (a)] At the core of the ABB Way is our commitment to People and Culture. As such, we are committed to fostering an environment that provides fair and equal access to opportunities for everyone within our organization.

To uphold this commitment, the Open Job Market procedure:

- provides transparency of job opportunities;
- provides guardrails to ensure that our recruitment process is fair and consistent;
- improves sharing and movement of employees across different businesses and functions; and
- empowers employees to pursue their desired career paths within ABB.

S1-PI-02
S1-O-01
S1-NI-02
S1-R-01
S3-NI-01

HEALTH, SAFETY, ENVIRONMENT (HSE) & SECURITY POLICY

[MDR-P 65 (a)] In our Group-wide HSE&S Policy, we confirm to be committed to putting health, safety, environment, and security (HSE&S) at the heart of all our activities. This includes materials sourcing, product design, operations, and services and climate change. Required by the policy is an HSE&S management system based on internationally recognized sustainability standards, principles and commitments and is prepared and maintained in collaboration with business areas.

The management standards cover 15 general topics and provide a framework for how we manage HSE&S across all ABB Sites. These standards will ensure compliance with ISO standards (14001, 45001 and partially other ISO standards due to ISO's high-level structure). The control standards describe the minimum requirements expected by ABB for the management of an HSE&S task or risk. To date, there are 50 standards, but this number may increase as more tasks or risks in our operations are identified.

S1-R-02
S4-R-01
G1-R-01

INFORMATION & CYBER SECURITY POLICY

[MDR-P 65 (a)] As ABB Information and associated systems are critical elements to the continuous development and growth of our business, ABB Information Systems must have appropriate preventative, detective, and response controls implemented and tested to maintain ongoing confidentiality, integrity, and availability of information, as well as ongoing integrity, availability and resilience of ABB systems. Therefore, this policy establishes a structured set of Information Security Policies and Standards as well as Cyber Security Policies and Standards that provide more granular details for those controls and identifies associated roles and responsibilities. Furthermore, it lays out the way of managing security incidents and our Information Security and Cyber Security principles. It also stipulates the Security Policies Structure and Governance and explains the implementation, compliance, monitoring and enforcement of the policy.

E3-NI-01
E3-NI-02
S2-NI-01 (UPSTREAM)
S2-NI-03 (UPSTREAM)
S3-NI-02
G1-NI-01
G1-PI-02
G1-PI-04

SUPPLIER CODE OF CONDUCT

[MDR-P 65 (a)] To make sure that we only work with suppliers who share our commitment to integrity, sustainability and human rights, we ask our suppliers to meet the requirements set out in our Supplier Code of Conduct (SCoC). The term "suppliers" refers to third parties, including individual contractors, that we engage to purchase goods and/or services and/or works from. The SCoC deals with human rights and decent work, health and safety, climate and environment, material compliance and responsible minerals, business ethics, business and information security, and procurement by suppliers. It also includes aspects of documentation, inspections, reporting, corrective actions, reporting concerns, and access to remedy. As a companion to the SCoC, the Supplier Code of Conduct Implementation Guide explains how a supplier can fulfill our requirements and addresses the topic in more detail. Furthermore, our suppliers are urged to comply with all regulations and laws applicable to them and to take appropriate action in case of non-compliance.

[MDR-P 65 (d)] As third-party frameworks, the SCoC refers explicitly to the International Bill of Human Rights, the United Nations Guiding Principles on Business and Human Rights (UNGP), the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact (UNGC), the Rio Declaration on Environment and Development, the UN Convention Against Corruption, the Convention on Biological Diversity, the UN Framework Convention on Climate Change (UNFCCC), the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, the Stockholm Convention on Persistent Organic Pollutants (POPs), and the Minamata Convention on Mercury.

S2-R-01 (UPSTREAM & DOWNSTREAM)
S2-R-02 (DOWNSTREAM)
S2-NI-01 (UPSTREAM & DOWNSTREAM)
S2-NI-03 (DOWNSTREAM)
S3-NI-02

HUMAN RIGHTS POLICY AND DUE DILIGENCE FRAMEWORK

[MDR-P 65 (a)] Our Human Rights Policy formalizes and specifies the commitment of ABB to support and respect the human rights of every individual and community as outlined in the ABB Code of Conduct. Furthermore, it provides a common framework that acknowledges the company's responsibility to respect human rights, and it describes the management approach on human rights due diligence for ABB.

ABB's Human Rights Due Diligence Framework commits to implement human rights due diligence throughout its business to proactively assess, cease, prevent and mitigate actual and potential adverse human rights impacts on rightsholders along our value chain. Furthermore, it lays out the governance of an embedded and integrated respect for human rights with a cross-business Human Rights Working Group. The Framework requires us to track and communicate our performance, and it stipulates access to grievance and remedy. The Human Rights Working Group is responsible for defining the human rights roadmap, objectives and targets, including development programs, in collaboration with the Legal & Integrity function.

[MDR-P 65 (d)] The policy supports and respects the following international human rights frameworks: International Bill of Human Rights; ILO Core Labour Conventions (including ILO Convention No. 138 on minimum age for admission to employment and ILO Convention No. 182 on the worst forms of child labor); OECD Guidelines for Multinational Enterprises; OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas; UN Convention on the Rights of the Child; UNGPs; UNGC; UNICEF's Children's Rights and Business Principles (CRBP); Voluntary Principles on Security and Human Rights.

S2-NI-03 (UPSTREAM)

SUSTAINABLE SUPPLY BASE MANAGEMENT REQUIREMENTS

[MDR-P 65 (a)] The Sustainable Supply Base Management (SSBM) program is our way to verify suppliers' compliance with the Supplier Code of Conduct and to fulfill the company's legal due diligence obligations. This document establishes our minimum requirements to be met for the SSBM program, unless legislation and/or local regulations impose a higher standard, in which case that higher standard shall be followed. The SSBM program requires our divisions to verify the sustainability compliance of new suppliers. They shall perform supplier assessments on existing suppliers following a five-year cycle to ensure compliance with the requirements. Divisions are required to ensure the implementation of the SSBM program within their organization and to allocate sufficient budget to it, including training for suppliers. This document is complemented by the Sustainable Supply Base Management ACOP (see below).

S2-NI-03 (UPSTREAM)

SUSTAINABLE SUPPLY BASE MANAGEMENT ACOP

[MDR-P 65 (a)] Our Sustainable Supply Base Management ACOP provides practical advice and guidance on the approved and recommended methods to ensure that our operations comply with the ABB Way. This ACOP determines the coverage of the SSBM program and its targets, KPIs and the external reporting requirements. Furthermore, it lays out the detailed program approach. The two types of on-site supplier audits that are part of the program – the generic protocol audit and the country-specific assessment – are explained in detail.

S2-O-01
S2-R-01 (UPSTREAM)
G1-PI-04

MANAGE VENDOR ONBOARDING PROCEDURE

[MDR-P 65 (a)] Our Manage Vendor Onboarding Procedure provides the requirements for the onboarding and qualification process of all vendors prior to their set up in local ERPs exclusively via the Master Data Governance system and their engagement. It builds on the minimum requirements, laid out in the Vendor Onboarding and Qualification Policy. The procedure applies in all instances when a new vendor needs to be onboarded for purchasing or sourcing activities by ABB, unless the vendor belongs to a category which is exempted. Assessments included in the vendor onboarding procedure include both integrity assessments and sustainability assessments, covering topics such as human rights, labor rights, health, safety and environment.

S2-R-01 (UPSTREAM)
S2-NI-01 (UPSTREAM)
S2-NI-03 (UPSTREAM)
S3-NI-02

ABB POLICY ON CONFLICT MINERALS

[MDR-P 65 (a)] Responsibly sourcing conflict minerals and other minerals of concern is part of our responsible sourcing commitment. This is also reflected in the ABB Policy on Conflict Minerals. [MDR-P 65 (d)] We have established a Responsible Minerals Program based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas, and other international standards. Within this program, we continue our work to understand and limit our exposure to conflict minerals (tantalum, tin, tungsten, and gold, or "3TG"), as defined by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and EU Directive 2017/821. We request information from our suppliers on the source of these minerals and other minerals of concern, such as cobalt and mica, and work with them to avoid sourcing from smelters or refiners (SORs) in the covered countries (the Democratic Republic of the Congo and neighboring countries) and conflict-affected and high-risk areas (CAHRAs), other than those that have implemented OECD-aligned programs. We actively work with our suppliers to ensure that any minerals contained in the products and materials supplied to ABB originate from conflict-free sources and to transition away from smelters and refiners that have been defined as high-risk.

S4-R-02

DATA PRIVACY – CORPORATE RULES

[MDR-P 65 (a)] At ABB, respecting data protection rights is a priority. We have adopted global data protection standards to ensure a standardized and high level of protection of personal data. The standards stipulate our principles regarding the processing of sensible personal data including the rules of sharing data with data processors. Furthermore, they prescribe the process of handling complaints from data subjects and the third-party rights available to the data subjects.

S4-R-02

PROCEDURE FOR END USERS OF GENERATIVE AI

[MDR-P 65 (a)] Generative artificial intelligence ("Generative AI") tools, their application and outputs have tremendous potential for ABB. These tools are still evolving and so are the risks and regulatory frameworks, both at the local and global level. The objective of this procedure is to enable all ABB personnel to use generative AI tools for work purposes responsibly, in accordance with regulatory requirements, the ABB Code of Conduct, the Generative Artificial Intelligence Policy, and to ensure the associated risks are appropriately managed. It stipulates the rules for ABB licensed generative AI tools as well as publicly available generative AI Tools and embedded generative AI tools.

SUSTAINABILITY REPORTING POLICY

[MDR-P 65 (a)] The objective of the Sustainability Reporting Policy is to establish the rules, requirements, roles and responsibilities related to sustainability reporting to enhance the transparency and credibility of our sustainability performance. It also describes the implementation approach to ensure we can provide accurate and consistent sustainability information to our stakeholders. The policy stipulates that all sustainability data published in ABB's Sustainability Statement adheres to the minimum reporting principles in alignment with ESRS, namely relevance, faithful representation, comparability and consistency, verifiability, and understandability. It explains the sustainability reporting governance at ABB and gives details about the roles and responsibilities involved in the reporting process.

TAX POLICY

[MDR-P 65 (a)] As part of our commitment to the highest standards of corporate governance and responsibility, we apply great care to the management of tax affairs, which is outlined in our Tax Policy. Our approach is to comply with the letter and the spirit of applicable tax laws and regulations in the countries where we operate. The Tax Policy outlines the role of the tax function at ABB and explains our Tax Control Framework. The related ABB Tax Control Framework follows a yearly structured approach with respect to how tax risks are identified, managed and monitored.

G1-R-01 (UPSTREAM)

ABB CYBER SECURITY REQUIREMENTS FOR SUPPLIERS

[MDR-P 65 (a)] Our ABB Cyber Security Requirements for suppliers outline minimum cyber security requirements applicable to ABB suppliers that process, access, interact with or store ABB information and/or Personally Identifiable Information (PII), have access to our information systems or supply software-related products and/or services to ABB. The requirements cover IT security, including but not limited to topics such as incident response, human resource security and network security. Additionally, this document states minimum cyber security requirements that shall be fulfilled for any software-related product that is supplied to ABB pursuant to the respective contract referencing this document.

The following IROs are not linked to any policy: S2-PI-01, S2-NI-02, S4-R-03, S4-R-04, S4-NI-01.

Sustainability-related targets

[E1-4 32 | E5-3 23 | S1-5 46 | S2-5 41] In 2025, we made progress toward our sustainability targets. We achieved our 2025 objective of covering through SSBM at least 80 percent of spend on high-risk suppliers in focus countries and remained on track to meet our 2030 targets and ambitions. We also conducted a review of our targets, as a result of which some have been removed or changed.

In addition to our sustainability targets, we defined ambitions that guide our sustainability efforts. While our targets typically focus on impacts across all of our businesses, our ambitions are typically focused on impacts that are more specific to certain businesses or geographical regions.

For more information on each target, please see the respective targets sections in the topical chapters.

OVERVIEW OF TARGETS

[MDR-T 80 (b), 80 (d), 80 (e), 80 (j)]

Target	Unit	Base year[1]	Baseline value	2025 status	2024 status	2025 reduction compared to base year	
						Absolute value	%
[E1] Protecting the climate							
Reduce own scope 1 and 2 CO_2e emissions by at least 80% by 2030 and by 100% by 2050	$ktCO_2e$	2019	631	134	138	(497)	(79)%
Reduce scope 3 CO_2e emissions by 25% by 2030 and by 90% by 2050[2]	$ktCO_2e$	2022	429,854	425,310	392,299	(4,544)	(1)%
[E5] Committing to circularity							
Achieve 80% alignment score for product-based revenues with the ABB Circularity Framework by 2030[3]	%	2025	-	27%	-	n.a.	n.a.
Send zero waste to landfill while reducing waste generation by 2030[4]	kt	2019	16.8kt equivalent to 8.8% of total waste	10.3 kt, equivalent to 5.3% of total waste	9.3 kt, equivalent to 5.8% of total waste	n.a.	n.a.
[S1] Responsibility for our employees							
Zero life-changing events to our people and contractors	-	2025	-	5	14	n.a.	n.a.
Increase proportion of women in senior management[5] roles to 25% by 2030[6]	%	2019	11.7%	22.6%	21.3%	n.a.	n.a.
Achieve a top-tier[7] employee engagement score	-	2019	71/100	80/100	78/100	n.a.	n.a.
[S2] Social protection in the value chain							
At least 80% of supply spending in focus countries[8] covered by Sustainable Supply Base Management (SSBM) by 2030	%	n.a.	n.a.	Using a risk-based approach, a mid-term 2025 target has been set, focusing on high-risk suppliers in focus countries.		n.a.	n.a.
At least 80% of spending on high-risk suppliers[9] in focus countries covered by SSBM by 2025	%	n.a.	n.a.	At the end of 2025, 80% of high-risk supply spending in focus countries was covered by the SSBM program.	At the end of 2024, 68% of high-risk supply spending in focus countries was covered by the SSBM program.	n.a.	n.a.
[G1] Good business conduct							
Continue to link sustainability targets to executives' variable pay, until 2030 (recurring target that needs to be met every year)	-	2019	Under the AIP, a safety goal was included within the individual measure for some members of ABB's EC.	Target achieved - all EC members have at least one measurable sustainability-related target assigned to their variable compensation.	Target achieved - all EC members have at least one measurable sustainability-related target assigned to their variable compensation.	-	-

1 Where base year applies.
2 Scope 3 Category 1 2024 values have been restated to reflect a refined methodology for the impact of currency conversion as well as an adjustment of emission factors for some spend categories.
3 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. The Robotics division, which is being divested in 2026, is not included in the target for 2025. For 2025 46% of the product based revenues have been assessed.
4 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.
5 At ABB, senior managers are defined as employees in Hay grade 1-7, including division presidents.
6 The target relates to countries where policies legally permit and to the extent that it does not conflict with any applicable local laws, where ABB operates. 13% 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.

Ambition	Unit	Base year[1]	Baseline value	2025 status	2024 status
[E1] Protecting the climate					
Ambition to avoid 600 megatons CO_2e emissions throughout lifetime of products sold from 2022 to 2030[2]	$MtCO_2e$	2022	-	285	204
[S3] Protecting vulnerable communities					
Ambition to expand programs for community engagement	-	-	-	In 2025, we launched our new Community of Practice (CoP), incl. 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.	In 2024, we released an internal guideline to formalize our community engagement strategy and provide direction on developing projects aligned with our Sustainability Agenda and our Four Focus Areas (4Es) of intervention.

1 Where base year applies.

2 Avoided emissions status is cumulative for 2022-2025 and 2022-2024, respectively.

[ESRS 2 MDR-T 80 (h)] At ABB, internal stakeholders are systematically involved in the setting of sustainability-related targets. Targets are typically developed in cooperation between Corporate Sustainability and various sustainability-related workstreams, which involve all business areas. External expertise is included by taking relevant established frameworks into account, which may involve periods of close cooperation. Examples are the Science Based Targets initiative (SBTi) for our climate targets or UL Solutions for the Zero Waste to Landfill target. Targets are discussed and approved by the Board of Directors, after proposal of its Governance and Nomination Committee (GNC).

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PROTECTING THE CLIMATE

Toward a low-carbon society

Enabling a low-carbon society is at the center of our purpose and value proposition and a key pillar of our Sustainability Agenda. We aim to drive the shift towards a low-carbon society with innovative technologies. Thereby we want to help our customers reduce and avoid emissions through our products, solutions and services. Our expertise in electrification and automation enables greater energy efficiency and the integration of renewable energies into the energy mix. We also work toward reducing emissions in our own operations as well as in those of our suppliers and customers.

[E1-1] TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

Near and long-term targets

[E1-1 14 | E1-1 16 (a)] To achieve net zero, ABB has set near-term and long-term targets aligned with the Corporate Net-Zero Standard of the Science Based Targets initiative (SBTi), which guide our Climate Transition Plan. Both sets of targets employ the absolute contraction methodology as outlined by the SBTi and have been validated by the initiative. They are not only science-based but the long-term targets are also in line with limiting global warming to 1.5°C in line with the Paris Agreement. For further information on our targets, please see below and in the targets section under E1-4.

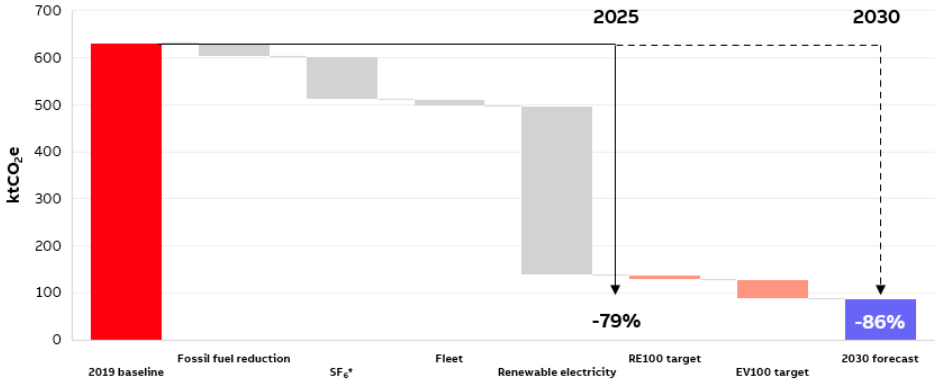
- **Near-term targets (2030)**
  - Decrease absolute scope 1 and 2 (operational) GHG emissions by 80 percent between 2019 and 2030. The target has been approved by the SBTi and is 1.5°C aligned.
  - Decrease absolute scope 3 (value chain) GHG emissions by 25 percent between 2022 and 2030. The target has been approved by the SBTi and is “Well below 2°C aligned”.
- **Long-term targets (2050)**
  - Decrease absolute scope 1 and 2 (operational) GHG emissions by 100 percent between 2019 and 2050. The target has been approved by the SBTi and is 1.5°C aligned.
  - Decrease absolute scope 3 (value chain) GHG emissions by 90 percent between 2022 and 2050. The target has been approved by the SBTi and is 1.5°C aligned.

DECARBONIZING OUR OWN OPERATIONS

[E1-1 16 (b)] To reduce our scope 1 and 2 emissions, we are implementing several measures, such as our commitment to the EV100 and RE100 initiatives of The Climate Group, to reduce emissions from our fleet and operations. Our transition plan quantifies these measures against our emissions base (see graph below).In 2025, we achieved a reduction of 79 percent in our scope 1 and 2 emissions compared to 2019. This progress was driven primarily by the implementation of energy efficiency improvements, the roll-out of renewable energy at our sites and further reduction of SF6 leakages at our sites. As a result, we are on track to reach our near-term 2030 target of 80 percent emission reduction.

The strong progress towards our scope 1 and 2 targets has also been supported by our drive to improve energy efficiency, which has reduced our total operational energy consumption every year from 2020 to 2025.

Scope 1 and 2 reduction plan



The chart above shows the expected effects of each measure in reducing our emissions compared to our base 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.

As we approach our 2030 target, we remain committed to our existing targets of sourcing 100 percent of our electricity from renewables and electrifying our vehicle fleet. Delivering against these commitments combined with our strong progress in other areas means we are now forecasting an 86 percent reduction in scope 1 and 2 emissions by 2030 versus our 2019 base. For further information on our actions to achieve progress on our targets, please see section E1-3.

Switch to renewable energy

In line with our RE100 commitment, we plan to consume our electricity from renewable sources by 2030. This commitment applies to our global operations, including factories, warehouses and offices.

Key actions include continued progress on:

- installation of on-site solar panels to directly generate renewable electricity;
- reduction of electricity demand via energy efficiency, for example, upgrade lighting systems to LEDs; and
- sourcing of 100 percent renewable electricity across all ABB sites by 2030.

Electrifying our vehicle fleet

To align with our EV100 commitment, we are in the process of transitioning to an electric vehicle fleet by 2030.

Key actions include continued progress on:

- replacing internal combustion engine vehicles with electric vehicles by 2030; and
- expanding EV charging infrastructure across all ABB-owned locations.

Reducing the use of SF_6

Sulfur hexafluoride (SF_6) is an excellent insulator for the medium-voltage power equipment that we produce, but it is also the most potent greenhouse gas in terms of global warming potential. We are focused on continually reducing SF_6 leakages in our operations and the need for SF_6 in our products. This has the knock-on effect of reducing the need to handle SF_6 at our sites.

Key actions include continued progress on:

- minimizing the use of SF_6 with process improvements in medium-voltage manufacturing;
- introducing SF_6-free products to the market (e.g., UniSec Air); and
- providing additional training to personnel to identify continuous improvements in established procedures to reduce SF_6 leakages.

Reducing the use of fossil fuels

We use fossil fuels (mainly natural gas) in various productions to generate process heat and for general heating. Our aim is to reduce the use of fossil fuels by replacing machinery and innovating production processes that still rely on them. Due to the long lifespan of production assets, full decarbonization will not be achieved by 2030. We expect to fully decarbonize our operations by our long-term target date of 2050.

Key actions include continued progress on:

- replacing fossil-fuel-based heating systems with heat-pump solutions;
- implementing Building Energy Management Systems (BEMS) to optimize energy use; and
- electrifying existing process heat applications.

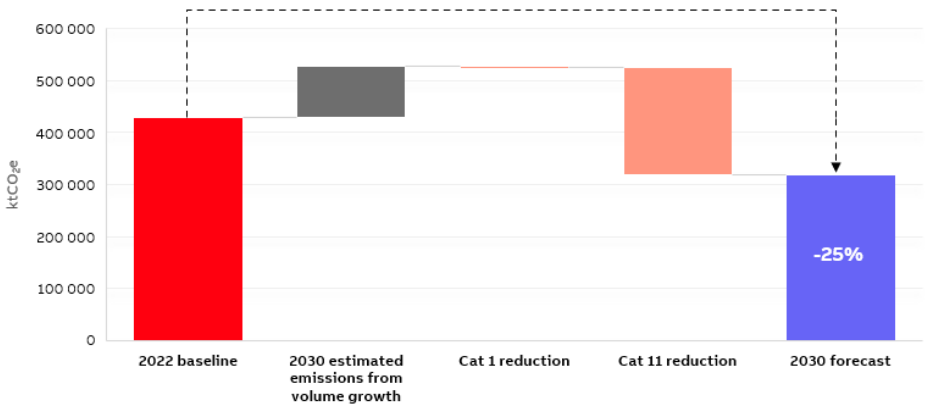
DECARBONIZATION IN OUR VALUE CHAIN

In 2025, although our scope 3 GHG emissions increased compared to 2024, they are 1 percent lower compared to the base year of 2022, with key drivers of the year-on-year increase 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 % 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 lifetime. 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 that 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.

To reduce our scope 3 emissions, we are focusing on the following two categories, which account for 99 % of our value chain emissions:

- Category 1 (purchased goods and services)
- Category 11 (use of sold products)

Scope 3 reduction plan for 2030



Scope 3.1 Purchased goods and services

To reduce our category 1 emissions, we are focused on sourcing key materials with a lower GHG impact, including low-carbon steel, copper, aluminum and plastics. This will also help us meet growing demand from customers for products with a lower carbon footprint. However, switching to low-carbon materials is not without its challenges. One is cost – certain materials, such as low-carbon steel, are considerably more expensive. Another is availability – rising market demand for low-carbon materials can lead to shortages and fluctuating prices, thereby affecting our sourcing strategies.

To manage these challenges, we need to work closely with suppliers and obtain clear information about the emissions linked to the materials we source. In 2025, ABB has been working on collecting more supplier specific emissions data.

To reduce category 1 emissions, we are focused on

- collaborating with suppliers and customers on low-carbon material availability and use;
- increasing availability of product carbon footprints (PCFs) from suppliers; and
- engaging suppliers on carbon reduction roadmaps through to 2030.

Scope 3.11 Use of sold products

Most of our scope 3 emissions come from the use of sold products (category 11). Many of these products are designed to help our customers reduce their emissions, so there is a strong connection between these emissions and our efforts to lower the overall carbon intensity of the energy sector. At the same time, we also rely on other key players to help drive grid decarbonization, and this dependency poses a risk to meeting our climate targets.

To reduce category 11 emissions, we are focused on:

- supporting the decarbonization of electricity grids with innovative technologies;
- improving energy efficiency in industries by working with customers to implement the most efficient products available; and
- developing new products to boost energy efficiency and help reduce carbon emissions.

By increasing the amount of clean energy flowing into the electricity grid – for instance with our solutions to stabilize grids powered by renewables in Spain's Canary and Balearic Islands – we can reduce emissions from our sold products.

Locked-in emissions

[E1-1 16 (d)] ABB's global manufacturing sites have long-lived, capital-intensive assets some of which are powered by fossil fuels. This creates temporary locked-in emissions until machinery and processes are upgraded. However, with our commitment to phase out fossil fuels and cut scope 1 and 2 emissions by 100 percent until 2050, these emissions are not considered locked-in in the long-term.

Products and solutions for the marine market

ABB's scope 3 downstream emissions are the largest contributor to our corporate carbon footprint, primarily due to the significant electric power consumption of sold products, particularly in category 11, which covers their use phase.

The electrification of industry and the decarbonization of electricity grids are widely recognized as important strategies to reach net-zero emissions[3].Given the trajectory of grid decarbonization forecast by the International Energy Agency under the Announced Pledges Scenario, we do not consider these emissions as locked-in.

[3] https://www.iea.org/energy-system/electricity/electrification

The one area of our downstream emissions not associated with grid electricity consumption is in our Marine & Ports business, which supplies propulsion equipment to marine vessels. For this part of the business, we utilize forecasts of shipping decarbonization from the International Maritime Organization. This is a hard-to-abate sector where significant investments are required to shift to alternative fuels. We expect that reducing emissions in this part of our value chain will take longer than in the electricity sector.

ABB is tackling this challenge in the following ways[4]:

- Energy efficiency improvements;
  - providing high-efficiency propulsion solutions that improve the energy efficiency of vessels:
    - Azipod® propulsion;
    - ABB Dynafin™;
  - auxiliary electrification of cargo ships (shaft generators);
  - digital solutions (weather routing);
- Electrification of ports (shore-to-ship power); and
- Electrification of vessels; for shorter distances, ABB has been developing and is now offering customers hybrid and fully electric vessels.

All the solutions we offer are compatible with the shift towards lower carbon and renewable fuels in the shipping industry.

FINANCIAL RESOURCING

[E1-1 16 (c), 16 (e), E1 MDR-A 69 (a), 69 (b)] Our Climate Transition Plan outlines a comprehensive approach to reducing scope 1, 2 and 3 GHG emissions in line with our near- and long-term climate targets. In this phase of implementation, the plan places particular emphasis on operational emissions (scope 1 and 2), which are where we can drive immediate and measurable impact.

Accordingly, the financial investments currently detailed in this plan relate to decarbonization initiatives within our own operations (scope 1 and 2). Investments targeting scope 3 upstream emissions (scope 3 category 1) are under way but not quantified as low-carbon materials are part of our sourcing approach and premiums are not always applicable. Although our current financial investment disclosures are concentrated on scope 1 and 2 emissions, we acknowledge that scope 3 – particularly category 11 (use of sold products) – accounts for most of our carbon footprint. We are actively evaluating appropriate methodologies to quantify our scope 3-related investments. In addition, operational expenditures (OpEx) linked to climate change mitigation are being mapped and integrated into the investment assessment methodology.

In 2025, we allocated $11.8 million in capital expenditure (CapEx) to climate mitigation efforts across our real estate portfolio. Our sustainability team collaborates closely with our real estate teams to assess and categorize individual decarbonization projects.

[4] https://global.abb/group/en/stories/energy-transition/transport/martime-transport

Overview of key climate mitigation measures and investments (FY 2025)

Measure	Scope addressed	Investment ($ in millions)[1,2]
On-site solar panel installations	Scope 2	3.2
HVAC and heat pumps	Scope 1 & 2	4.2
Energy efficiency and building energy management systems (BEMS)	Scope 1 & 2	4.4
Total		11.8

Due to rounding, numbers presented may not add to the totals provided.

Comparatives not shown unless already reported in the 2024 Sustainability report.

1 The reported values reflecting global CapEx investments in scope 1 and 2 decarbonization actions are not fully aligned with EU Taxonomy CapEx reported numbers. While eligibility values under the EU Taxonomy can be assessed globally, alignment requires fulfillment of specific criteria limited to the EU that are not applied globally. A further difference in the Transition Plan numbers is the application of a significance threshold for projects over $250k in the areas solar PV, HVAC (including heat pumps), BEMS, lighting and energy efficiency.
2 Investment projects above $250k in FY25.

EU Paris-aligned benchmarks

[E1-1 16 (g)] The EU Paris-aligned benchmark is a standard set by the European Union to ensure that companies align with the climate goals established by the Paris Agreement. ABB is not excluded from the EU Paris-aligned benchmarks in accordance with the exclusion criteria stated in articles 12.1 (d) to (g) and 12.2 of Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Standards Regulation) and thus supports in limiting global warming as per the Paris Agreement.

Climate Transition Plan in overall business strategy and financial planning

[E1-1 16 (h)] The monitoring of our Climate Transition Plan is an ongoing and dynamic process. We have established a robust framework by establishing a 5-year forecast performed by each division and business area for financial and sustainability targets that include decarbonization (scope 1, 2 and 3), reviewed by the Board. We are continually enhancing our methodologies to effectively track progress towards our climate targets. We will monitor and assess our progress made on an annual basis to determine whether any modifications to our plan are required. To incentivize progress on the Climate Transition Plan, a portion of our management's compensation is linked to ABB's climate performance (scope 1 and 2). This is intended to encourage employees across the company to consider climate impacts in their day-to-day work.

Governance and monitoring

[E1-1 16 (i)] Our Climate Transition Plan is reviewed by the Board, which reviews and approves our Sustainability Agenda and targets. Our climate targets, which are SBTi-validated, encompass scope 1, 2, and 3 emissions. The transition trajectory, underlying analysis and associated measures have been reviewed at the Board level.

[E1-1 16 (j)] Progress made in implementing the plan in 2025 includes the following key elements:

- integration of the physical and transitional risk assessment into the plan;
- quantification of scope 1, 2 and 3 emission reductions for the outlined decarbonization levers through to 2030;
- monetary quantification of key CapEx-related actions on scope 1 and 2; and
- formal approval of the Climate Transition Plan by the GNC obtained during 2025.

[E1-7] GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS

[E1-7 60] ABB is a signatory to the Science Based Targets initiative (SBTi). As the SBTi Net Zero standard only allows for Negative Emission Technologies (NETs) to be used for a maximum of 10 percent of residual emissions in 2050, rather than for 2030 targets, we will analyze the respective investment options later.

[E1-8] INTERNAL CARBON PRICING

[E1-8 62] ABB does not apply any internal carbon pricing schemes.

Climate risks: physical and transition

[E1 SBM-3] RESILIENCE IN CLIMATE MATTERS

[E1 SBM-3 18] The allocation of our material climate risks to physical or transition risks is as follows (for the explanation of the IRO-IDs and description of IROs, please see IRO table in ESRS 2 IRO-1 in the chapter “Sustainability at ABB”):

- E1-R-01: transition risk;
- E1-R-02: transition risk; and
- E1-R-03: physical risk.

Climate risk and opportunity assessment

[E1 SBM-3 18 | E1 SBM-3 19 (a), 19 (b) | E1 SBM-3 AR 7 (b)] In addition to the Double Materiality Assessment (DMA) and the dedicated climate gross assessments for physical risks, transition risks and transition opportunities (for more information see E1 IRO-1, p. 59), which identified and assessed risks and opportunities without considering the effects of operational and planned responses, ABB performed a resilience analysis during this reporting year. This analysis evaluated the material net risks and opportunities to the business model against a range of plausible climate scenarios (Intergovernmental Panel on Climate Change (IPCC) RCP8.5, RCP4.5 for physical climate risk, and International Energy Agency (IEA) “Net Zero Emissions by 2050” (NZE 1.5°C) for transition risks and opportunities), reflecting both high-emission pathways and scenarios aligned with the Paris Agreement. The resilience analysis was conducted to identify material net physical risks, transition risks and transition opportunities by assessing how effectively the operational and planned responses mitigate the identified climate-related gross risks and realize gross opportunities. Additionally, the analysis tested the capacity of our existing strategy and risk management processes to adapt to any relevant potential climate-related risks. By understanding where our business is most vulnerable and where opportunities for mitigation and adaptation are located, we ultimately aim to strategically strengthen our operational resilience.

[E1 SBM-3 AR 7 (b)] The resilience analysis focused on material risks and opportunities, applying the same definitions for short-, medium- and long-term time horizons as those used for the gross physical climate risk assessment and the gross transition risk and opportunity assessment (see section E1 IRO-1 below).

[E1 SBM-3 19 (a)] For the physical climate risk resilience analysis, all relevant manufacturing sites worldwide that are exposed to material gross physical risks (e.g., flooding) were in scope. For transition risks, the assessment was performed at business area and corporate function level, with consideration of potential risks and opportunities across the whole value chain, utilizing the risk and opportunity drivers recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

In principle, our approach to assessing ABB’s resilience in relation to physical climate risks consists of three main steps:

- [E1 SBM-3 AR 7 (b)] **Calculation of gross risks**: We perform a forward-looking climate scenario analysis, covering physical climate risks for material sites based on two relevant scenarios and three time horizons (for more information see E1 IRO-1 on p. 59).

- **Prioritization of sites**: We apply a structured methodology to prioritize sites based on their gross risk exposure and the materiality of potential financial impacts.

- **Qualitative assessment of net risks**: For the prioritized sites, we collaborate with local site managers to identify operational and planned adaptation responses. Based on this analysis, we derive a qualitative metric that reflects each site's level of protection, considering the effectiveness of current and planned responses against identified hazards. As a result, we determine the residual net physical climate risks for the prioritized sites. In addition to physical adaptation responses, insurance coverage is available as a non-physical measure further reducing the remaining net risk. Potential uncertainties related to the resilience analysis are rooted in the assumptions made in the underlying gross physical risk analysis (e.g., climate data), as well as the qualitative assessment of the adaptation responses.

[E1 SBM-3 19 (b)] Our approach to assess the resilience towards transition risks builds on the qualitative assessment of gross transition risks (see section E1 IRO-1, p. 59):

We engage with representatives from the business areas and corporate functions to identify and assess the velocity, impact and likelihood of net transition risks and opportunities through the same ERM-aligned methodology as the gross risks and opportunities. Our risk and response owners, as well as representatives from the business areas and corporate functions, assess the effectiveness of operational responses, leading to a qualitative assessment of ABB's resilience towards transition risks.

[E1 SBM-3 19 (c) | E1 SBM-3 AR 8 (b)] In 2025, the physical climate risk-related resilience analysis concluded that ABB faces a relatively low level of net physical climate risk across its operations in all time horizons. Among other temperature and solid mass-related hazards, the major gross physical risk identified (see section E1-9, p. 75) is flooding, which is well managed through robust adaptation responses, including site-specific protections like flood defenses and emergency preparedness protocols. Additionally, our geographically diversified manufacturing footprint and supply chain further enhance the resilience by reducing dependencies on any single location or region. The main focus of the physical climate risk assessment is on own operations, for which a material risk might be more impactful than the upstream and downstream value chain, which is highly diversified. Thereby we follow a top-down approach for identifying physical climate risks in the value chain (see section E1-9). We take steps to mitigate any identified risks through dedicated measures, which include, for example, considering multiple suppliers for components during the R&D process, requesting business continuity plans from suppliers, or establishing such plans internally, if a dependency on a single supplier cannot be avoided (see section G1-2 15 (a), p. 132).

[E1 SBM-3 19 (c) | E1 SBM-3 AR 8 (b)] Although ABB is exposed to transition risks especially in the categories reputation, market, and policy and legal, the 2025 resilience analysis demonstrated that the opportunities from the energy transition, arising mainly in the categories products and services, resource efficiency and markets, can have a greater impact on our business than the risks. The resilience analysis has shown that we are able to address the identified transition risks through our continuous investment in R&D and the ongoing development of our products and strategy. Potential uncertainties related to the resilience analysis are based on assumptions made in the underlying transition climate risk analysis.

[E1 SBM-3 AR 8 (b)] In conclusion, we have established business contingency plans to ensure operational continuity under the various potential effects of climate change. Our climate risk assessments together with our Climate Transition Plan and the identified levers, all support us in adapting our strategy and business model where appropriate. For dedicated actions towards a low-carbon society, please see our Climate Transition Plan (section E1-1 above).

[E1 SBM-3 19 (b)] Going forward, our ERM team triggers an annual review to update the risk landscape based on regulatory requirements and, if necessary, updates the climate-related risk and opportunity assessments.

Climate change as a material topic

[E1 IRO-1] IDENTIFYING AND ASSESSING MATERIAL IROs

[E1 IRO-1 20 (a), 20 (b) | E1 IRO-1 AR 9] ABB's climate-related IROs have been a pivotal factor in our 2025 updated DMA. A number of other processes, analyses and assessments contributed to our understanding of the prevalent risks. This includes our analyses of physical and transition risks resulting from climate change as well as our analyses of company emissions data, publicly available climate change scenarios, and their application in the context of the ABB Group and their potential implications in the future.

Our selection of scenarios for the physical and transition risk analysis reflects a wide range of potential future outcomes. On the one hand, limiting global warming in line with the Paris Agreement is reflected by the International Energy Agency (IEA) "Net Zero Emissions by 2050" (NZE 1.5°C) scenario whereas a high temperature scenario represented by RCP8.5 (ranging from 3.2°C to 5.4°C), developed by the Intergovernmental Panel on Climate Change (IPCC), illustrates climate-related hazards if climate change cannot be mitigated globally.

The assessment of climate physical and transition risks is embedded within our annual ERM cycle. The results of this process are used to inform our DMA at the beginning of each year. Our DMA revealed 14 impacts, risks and opportunities (IROs) regarding climate, of which six were classified as impacts, three as risks and five as opportunities. For more information on these, please see the IRO table in the chapter "Sustainability at ABB", section ESRS 2 IRO-1. Of these three risks, two have been identified as transition risks (E1-R-01 and E1-R-02) and one as a physical risk (E1-R-03). For the process applied to identify these IROs and for more information on the positioning of these risks in the value chain, please see ESRS 2 IRO-1.

[E1 IRO-1 AR 15] Any climate-related assumptions made by ABB, both in the Sustainability Statement and in the Financial Report, take account of the climate scenarios we used in our risk analysis.

PHYSICAL RISKS ASSOCIATED WITH CLIMATE CHANGE

[E1 IRO-1 20 (b)] ABB follows a comprehensive approach for identifying and assessing physical risks arising from climate change. This approach can be summarized in the following key steps.

[E1 IRO-1 AR 11 (a), AR 11 (b), AR 11 (c), AR 11 (d) | E1 IRO-1 21] An annual regulatory screening takes place to ensure compliance with the applicable reporting frameworks on which the relevant business activities and corresponding sites are scoped for the assessment. We collect comprehensive data on sites from our internal systems including the type and level of activity, geo-location data and other supplementary information. We verify this data with relevant stakeholders for accuracy and relevance and use them as an input for the assessment.

For the assessment, we identify high emission climate scenarios, taking into consideration the latest scientific research. We use short- (up to one year), medium- (one to five years) and long-term (more than five to thirty years) time horizons for the assessment based on our ERM methodology.

Geospatial physical risk data is obtained from various specialized tools and data sources and used to perform a detailed risk modeling and assessment.

We conduct an exposure analysis, covering the scoped hazards (climate hazards specified by ESRS E1) based on their respective relevance to our sites and activities, that distinguishes between acute and chronic physical risks. We also perform a vulnerability analysis by incorporating site-specific operational data to assess potential climate-related threats and their sensitivity to business continuity or asset damage. The sites' hazard exposure and business vulnerability are combined to derive gross risks. Sites with material gross risks are then reported and considered for further investigation in the resilience analysis (see section ESRS 2 SBM-3, p. 27).

[E1 IRO-1 AR 11 (a)] The objective of this assessment is to understand how different types of physical climate risks can potentially affect the financial performance of any site in scope of the assessment in terms of potential direct physical damage or business interruption. By analyzing this data, we can gain valuable insights into climate-induced patterns and our physical risk exposures across the entire portfolio. The key datapoints collected for identifying and assessing physical risks included the replacement value of physical assets and the potential revenue exposed to a risk of business interruption. After we identified sites with potential material gross risks, we conducted a bottom-up resilience assessment to assess the physical net risk exposure, which informs future risk mitigation and adaptation strategies.

[E1 IRO-1 20 (b)] The assessment of physical climate risks is based on scientific climate scenarios (IPCC RCP8.5 3.2 to 5.4°C, RCP4.5 1.7 to 3.3°C). The selection of time horizons for physical risks aligns with the current reporting cycle (one year), strategic planning horizons and capital allocation plans (up to five years), as well as expected operational lifetimes of our assets (up to thirty years), which are assumed to be operational either based on their remaining technical lifetime or continuous long-term operation. The assessment included the following considerations:

- The physical climate risk assessment is currently focused on our own operations as a material risk may be more impactful for our operations than for the upstream and downstream value chain, which is highly diversified.
- Regarding physical climate risks in the value chain, reported risks from our ERM process relating to the dependency on a few selected suppliers or customers are considered to validate them in the context of physical climate risk through interviews with the risk owners.
- A number of hazards from the table mentioned in climate hazards specified by ESRS E1 are considered irrelevant for ABB's business activities (e.g., ocean acidification or coastal erosion).
- The materiality criteria of potential risks follows our ERM methodology.

TRANSITION RISKS AND OPPORTUNITIES ASSOCIATED WITH CLIMATE CHANGE

[E1 IRO-1 20 (c)] ABB performs a detailed transition risk and opportunity assessment to understand how the risks and opportunities resulting from a shift to a low-carbon society could affect ABB's business model and strategy. By understanding the interplay between the transition risks and opportunities, we aim to remain well positioned to mitigate and manage the risks, while also being able to leverage the opportunities.

The qualitative transition risk and opportunity assessment involves representatives from our business areas and corporate functions and uses risk and opportunity inputs from climate scenarios, which are then complemented through interviews and focused workshops. This allows these representatives to identify and qualitatively assess specific risks and opportunities that are most relevant to each business area and corporate function.

[E1 IRO-1 20 (c) | E1 IRO-1 21 | E1 IRO-1 AR 12 (a), AR 12 (b), AR 12 (c)] Once the qualitative risks and opportunities are identified, they are further assessed and scored based on their likelihood of occurrence, their velocity of realization, and their magnitude on the respective business areas. Our transition risk and opportunity assessment is based on the IEA “Net Zero Emissions by 2050” (NZE 1.5°C) scenario, which illustrates a pathway consistent with limiting climate change to 1.5°C above pre-industrial levels (equivalent to RCP2.6), at which the results are governed by the pre-defined scenario narrative and corresponding assumptions.

The main drivers of the scenarios are the transition to a low-carbon society with a strong focus on electrification and industrial automation, rising GHG emissions pricing, and increasing stakeholder demands regarding ESG and climate targets. Value chain impacts are also considered as an input for the assessment where appropriate. Risks and opportunities are assessed across three time horizons: short-term (up to one year, to align with the current reporting cycle), medium-term (one to five years, to align with both our financial planning and ERM timeframes) and long-term (more than five to thirty years, to align with the lifetime of assets) and both from a gross and a net risk perspective (see section ESRS 2 SBM-3, p. 27, for further details). This process ensures alignment of the transition risk and opportunity assessment with our overall ERM methodology.

[E1 IRO-1 AR 12 (a)] For risks, the scope includes the categories of “Policy and Legal”, “Technology”, “Market” and “Reputation”, while for opportunities, the categories of “Resource Efficiency”, “Energy Source”, “Products and Services”, “Markets” and “Resilience” are considered. Key datapoints and their risk effects which are assessed include, among other things:

- **Regulatory trends:** information on existing and upcoming regulations, for example, related to carbon emissions or energy use;
- **Market data:** for example, consumer trends towards sustainable products and services or purchasing costs that can affect both the supply chain as well as own operations;
- **Technological developments:** insights into emerging technologies that could disrupt current business models; and
- **Stakeholder expectation and reputation:** feedback from customers, investors and other stakeholders concerning, for example, our climate strategy.

[E1 IRO-1 21 | E1 IRO-1 AR 11 (d)] We chose the IEA “Net Zero Emissions by 2050” (NZE 1.5°C) scenario as the basis for the transition risk and opportunity assessment as it features net zero CO_2 energy sector and industrial process emissions in 2050, while achieving universal energy access in 2030. Uncertainties in the climate risk analysis may arise from assumptions related to transition events which are currently unaccounted for in the scenario assumptions.

Climate change-related policies

[E1-2] POLICIES RELATED TO CLIMATE CHANGE

[E1-2 25] All sustainability-related policies of ABB are described in a dedicated Policies section at the end of the chapter “Sustainability at ABB”.

Climate change-related targets

[E1-4] TARGETS RELATED TO CLIMATE CHANGE

[E1-4 32 | E1-4 33 | E1 MDR-T 80 (f), 80 (g)] To achieve net zero, ABB has set SBTi-aligned near-term and long-term greenhouse gas reduction targets. Both sets of targets employ the absolute contraction methodology as outlined by the SBTi and have been validated by this initiative. [E1 MDR-T 80 (a), 80 (c)] Our targets are group wide and correspond to objectives in the ABB Climate Procedure.

[E1-4 34 (a), 34 (b), 34 (e)] **Near- and long-term targets**

Near-term targets (2030)

- Reduce absolute scope 1 and 2 GHG emissions by 80 percent from 2019 to 2030. Target validated by SBTi and is 1.5°C aligned.
- Reduce absolute scope 3 GHG emissions by 25 percent from 2022 to 2030. Target validated by SBTi and is “Well below 2°C aligned”.

Long-term targets (2050)

- Reduce absolute scope 1 and 2 GHG emissions by 100 percent from 2019 to 2050. Target validated by SBTi and is 1.5°C aligned.
- Reduce absolute scope 3 GHG emissions by 90 percent from 2022 to 2050. Target validated by SBTi and is 1.5°C aligned.

We have also committed to three initiatives of the Climate Group to help us achieve our near-term scope 1 and 2 GHG emissions reduction target:

- Consume 100 percent of our electricity from renewable sources by 2030. Commitment made to RE100 initiative.
- Electrify our global vehicle fleet by 2030. Commitment made to EV100 initiative.
- Improve our energy productivity by 20 percent by 2030 relative to 2019 and implement an energy management system across global operations by 2030. Commitment made to the Smart Energy Coalition (formerly EP100).

AVOIDED EMISSIONS AMBITION

In addition to our SBTi-aligned GHG emissions reduction targets, we have the ambition to avoid emissions in customer operations. Avoided emissions are the reduction in GHG emissions that occur because of the use of a product or solution. We use the category of avoided emissions to describe the volume of greenhouse gas emissions that our customers can avoid by using our products and solutions through their full service lives. The methodology for calculating avoided emissions is based on the 2023 guidance of the World Business Council for Sustainable Development (WBCSD), as explained further below in the methodology section (Gates 1 to 3, p. 73). Avoided emissions are not part of the scope 3 inventory and are not used to claim scope 3 reductions.

- Ambition to avoid 600 Mt CO_2e emissions throughout lifetime of products sold from 2022 to 2030.

GHG emissions reduction targets and avoided emissions ambition

Target	Unit	Base year	Baseline value	2025 status	2024 status	2025 reduction compared to base year	
[E1] Protecting the climate							
Reduce own scope 1 and 2 CO_2e emissions by at least 80% by 2030 and by 100% by 2050	ktCO2e	2019	631	134	138	(497)	(79%)
Reduce scope 3 CO_2e emissions by 25% by 2030 and by 90% by 2050[1]	ktCO2e	2022	429,854	425,310	392,299	(4,544)	(1%)

1 Scope 3 Category 1 2024 values have been restated to reflect a refined methodology for the impact of currency conversion as well as an adjustment of emission factors for some spend categories.

Ambition	Unit	Base year	2025 status	2024 status
[E1] Protecting the climate				
Ambition to avoid 600 megatons CO_2e emissions throughout lifetime of products sold from 2022 to 2030[1]	$MtCO_2e$	2022	285	204

1 Avoided emissions status is cumulative for 2022-2025 and 2022-2024, respectively

Market- and location-based scope 1 and 2 GHG emissions reduction

			2025 reduction compared to base year	
GHG emission category (kt CO_2e)	**Baseline value (2019)**	**2025 status**	**Absolute value**	**Percentage**
Market-based	631	134	(497)	(79)%
Location-based	645	374	(271)	(42)%

The consistency between our GHG emissions reduction targets and the GHG inventory boundaries is ensured through clearly defined and documented inventory boundaries that are reviewed annually. Material changes in our structure, acquisitions or divestments are reflected accordingly. As part of our alignment with SBTi, we have committed to incorporate all significant emission sources in our inventory and to annually report on all relevant scope 3 categories.

[E1-4 AR 25 (a), AR 25 (b)] For scope 1 and 2, the base year remains 2019. Reorganizations, divestments and acquisitions have been reflected in restatements of the 2019 value in the years since 2020. For scope 3, the base year was set to 2022 as the target was introduced during 2023 and the previous year best represented the current business structure. The same applies to the baseline for the ambition to avoid emissions.

[E1-4 AR 30 (c)] For evaluating decarbonization levers ABB has utilized the IEA Announced Pledges Scenario (APS). This is particularly relevant for looking at electricity grid decarbonization which impacts our downstream emissions.

[E1 MDR-T 80 (i)] There were no changes to our targets and the corresponding indicators in the reporting year.

[E1 MDR-T 80 (j)] In 2025, we updated our decarbonization plan. Progress against it is monitored on a quarterly basis. For scope 1 and 2, we were on track as of December 31, 2025, and we expect to reach our target ahead of schedule. For scope 3, as of December 31, 2025, our progress toward our target is slower than originally anticipated due to grid decarbonization having slowed down. During 2026, we will continue exploring additional measures to make progress towards our 2030 target.

Management of climate change

[E1-3] ACTIONS IN RELATION TO CLIMATE CHANGE

[E1-3 28] Our efforts and achievements in addressing climate change are three-fold:

- We are committed to reducing emissions in our own operations.
- We are committed to reducing emissions in our value chain by supporting our suppliers to reduce their emissions.
- We are committed to helping our customers reduce and avoid emissions through our products, solutions and services.

[E1-3 29 (a) | E1-4 34 (f)] To reduce scope 1 and 2 GHG emissions, several decarbonization levers have been defined and are being implemented. These levers can be disaggregated into fossil fuel reduction (through energy efficiency and decarbonization of fossil-fueled assets), a shift to renewable energy, fleet electrification and SF_6 management. The commitments to the RE100 and EV100 initiatives as well as the Smart Energy Coalition (formerly EP100) will support the reduction of scope 1 and 2 GHG emissions by 2030.

For scope 3, the levers to reduce the most material categories, specifically emissions from the use of sold products and purchased goods and services, are disclosed in the transition plan section of this statement.

2025 status of scope 1 and 2 decarbonization levers

[E1-3 29 (b): Achieved]

Scope 1 and 2 decarbonization levers	2025 status	2024 status
Percentage of renewable electricity consumption of total electricity consumption	98%	95%
Percentage of electric vehicles[1] of total fleet of vehicles	33%	26%
Improvement of energy productivity since 2019[2]	61%	43%
Reduction of SF_6 since 2019	(94)%	(92)%

1 Only battery electric vehicles are counted as electric vehicles from 2025 onwards. Plug-in hybrid electric vehicles were removed from the 2024 values

2 The 2024 energy productivity values have been restated in line with the restatement in the 2024 energy consumption values.

More information on ABB's decarbonization levers can be found in the section on our Climate Transition Plan (E1-1). [E1-3 29 (b)] This also includes the achieved and expected GHG reductions.

[E1-3 29 (c) i, 29 (c) ii, 29 (c) iii | E1-3 AR 21] Financial aspects of climate change actions are also covered in the section about our Climate Transition Plan (E1-1).

ACTIONS OVERVIEW (E1)

[E1 MDR-A 68 (a), (b), (c)]

We are already executing all activities listed below.

List of key actions	IROs covered	Scope	Time horizon
Transition Plan	E1-O-01, E1-O-02, E1-O-03, E1-O-04, E1-O-05, E1-R-01, E1-R-02, E1-PI-01, E1-PI-02, E1-NI-01, E1-NI-02, E1-NI-03, E1-NI-04	Global, own operations	Ongoing
Resilience Analysis	E1-R-03	Global, customers	Ongoing

Facts & figures
Energy

[E1-5] ENERGY CONSUMPTION AND MIX

ENERGY CONSUMPTION RELATED TO OWN OPERATIONS

[E1-5 37 (a), 37 (b), 37 (c), 37 (c) i, 37 (c) ii, 37 (c) iii | E1-5 38 (a), 38 (b), 38 (c), 38 (d), 38 (e) | E1 MDR-M 77 (c)]

Total energy consumption (in GWh)[1,2]	2025	2024
Total energy consumption from fossil sources	**559**	**589**
fuel consumption from natural gas	325	342
fuel consumption from crude oil and petroleum products[3]	159	158
fuel consumption from coal and coal products	—	—
fuel consumption from other fossil sources	—	—
consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	75	89
Total energy consumption from renewable sources	**914**	**941**
fuel consumption for renewable sources including biomass (also comprising industrial and municipal waste of biologic origin), biofuels, biogas, hydrogen from renewable sources, etc.[4]	20	11
consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	853	892
consumption of self-generated non-fuel renewable energy	40	38
Total energy consumption (in GWh)	**1,473**	**1,530**

Due to rounding, numbers presented may not add to the totals provided.

1 The 2024 energy consumption figures have been adjusted for changes in methodology relating to estimated consumption for non-reporting sites. In addition, the methodology for fossil fuel consumption from ABB vehicles has been refined.
2 Nuclear energy cannot be separately tracked, and is estimated to not be material, less than 1% of energy consumed.
3 Includes oil and diesel as well as fuel consumption from ABB fleet of vehicles.
4 Use of renewable biogas to substitute natural gas in several sites.

Energy intensity (MWh/Total revenues plus Total revenues from discontinued operations, $ in millions)	2025	2024
Total energy intensity[1]	41.43	46.57

1 The 2024 energy intensity values have been restated in line with the restatement in the 2024 energy consumption values.

NON-RENEWABLE ENERGY PRODUCTION AND RENEWABLE ENERGY PRODUCTION

[E1-5 39| E1 MDR-M 77 (c)] Our total non-renewable production includes on-site electricity generation from natural gas, oil and diesel, as well as combined heat and power and trigeneration production from natural gas. The total renewable production includes on-site solar generation.

Energy production (in GWh)[1]	2025	2024
Total non-renewable energy production[2]	22	13
Total renewable energy production	46	42
Total energy production	**68**	**55**

1 The 2024 energy production figures have been adjusted for changes in methodology relating to estimated production for non-reporting sites.
2 The 2025 non-renewable energy production figures take into account heat and cooling production from combined heat and power as well as tri-generation units, which was previously not collected.

[E1-5 40] The majority of ABB business falls under NACE section C - Manufacturing, which is defined as a high-impact climate sector. Energy intensity from activities in high climate impact sectors therefore refer to ABB's total energy consumption per total net revenue. [E1-5 41] Similarly, energy consumption from activities in high climate impact sectors therefore refers to ABB's total energy consumption.

[E1-5 42] ABB uses NACE section C – Manufacturing as a basis to determine energy intensity from high climate impact sectors.

[E1-5 43] For the calculation of the energy intensity, the ABB Group total revenues plus total revenues from discontinued operations are applied, as all ABB business falls under NACE section C – Manufacturing, which is defined as a high-impact climate sector.

Greenhouse gas emissions

[E1-6] SCOPE 1, 2, 3 EMISSIONS

[E1-6 44] In 2025, we achieved a reduction of 79 percent in our scope 1 and 2 emissions compared to 2019. This progress was driven primarily by the implementation of energy efficiency improvements, the roll-out of renewable energy at our sites and further reduction of SF6 leakages at our sites. As a result, we are on track to reach our near-term 2030 target of 80 percent emission reduction.

In 2025, although our scope 3 GHG emissions increased compared to 2024, they are 1 percent lower compared to the base 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 that 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.

OVERVIEW OF SCOPE 1, 2 AND 3 GHG EMISSIONS

[E1-6 44 | E1 MDR-M 77 (c)]

($kt\ CO_2e$)	2025	2024
Gross scope 1 GHG emissions, of which		
Use of fuels	69	67
Coolants	4	4
SF_6	5	8
Transport by own fleet	41	40
Emissions from biofuels	1	—
Total scope 1 emissions	119	119
Gross scope 2 GHG emissions, market-based		
District heat	8	8
Electricity	7	10
Gross scope 2 GHG emissions, location-based		
District heat	8	8
Electricity	247	278
Total scope 2 GHG emissions, market-based	**15**	**19**
Total scope 2 GHG emissions, location-based	**255**	**286**
Total scope 1+2 GHG emissions, market-based	**134**	**138**
Total scope 1+2 GHG emissions, location-based	**374**	**405**
Gross indirect (scope 3) GHG emissions		
1 Purchased goods and services[1]	9,718	9,521
2 Capital goods	64	85
3 Fuel and energy-related Activities (not included in scope 1 or 2)	51	55
4 Upstream transportation and distribution	576	617
5 Waste generated in operations	13	12
6 Business traveling	186	169
7 Employee commuting	193	175
8 Upstream leased assets	—	—
9 Downstream transportation	40	43
10 Processing of sold products	—	—
11 Use of sold products	414,229	381,372
12 End-of-Life treatment of sold products	221	230
13 Downstream leased assets	17	18
14 Franchises	—	—
15 Investments	2	2
Total scope 3 GHG emissions	**425,310**	**392,299**
Total scope 1, 2 and 3 GHG emissions (market-based)	**425,444**	**392,437**
Total scope 1, 2 and 3 GHG emissions (location-based)	**425,684**	**392,704**

Due to rounding, numbers presented may not add to the totals provided.

1 Scope 3 Category 1 2024 values have been restated to reflect a refined methodology for the impact of currency conversion as well as an adjustment of emission factors for some spend categories.

Scope 1 and 2 GHG emissions by region

[E1-6 AR 41 | E1 MDR-M 77 (c)]

Scope 1 and 2 GHG emission by region ($kt CO_2e$)	2025	2024
The Americas	49	
Asia, Middle East and Africa	21	
Europe	64	
	134	

Due to rounding, numbers presented may not add to the totals provided.

Comparatives not shown unless already reported in the 2024 Sustainability report.

[E1-6 53 | E1 MDR-M 77 (c)]

Scope 1, 2 and 3 GHG emission intensity ($kt CO_2e$/Total revenues plus Total revenues from discontinued operations, $ in millions)[1]	2025	2024
Market-based	11.97	11.95
Location-based	11.97	11.95

1 2024 values have been restated to reflect restatement in 2024 Scope 3 Category 1 values.

[E1-6 48 (b)] ABB does not participate in any regulated emission trading schemes (ETS) for its scope 1 greenhouse gas emissions.

[E1-6 AR 42 (c)] Reporting periods of value chain and ABB entities do not differ significantly, and limited effects on our GHG emission reporting are expected.

[E1-6 AR 43 (c)] In scope 1, we only consider methane (CH4) and dinitrogen oxide (N2O) biogenic emissions, following SBTi guidance. Biogenic emissions of 4,519 t of CO2 are not included in scope 1. [E1-6 AR 45 (e) | E1-6 AR 46 (j)] Biogenic emissions from scope 2 and 3 are estimated to be low and are not reported separately. The main source of biogenic emissions from scope 2 is the use of district heat from renewable sources, which contributes only a small share of overall energy consumption. For scope 3, most emissions are fossil-based, with a small share of biogenic emissions potentially occurring from individual projects where bioenergy is used in the end application.

[E1-6 AR 45 (d)] A portion of the electricity consumed was met through contractual arrangements for unbundled renewable energy certificates (RECs), while another portion was supplied through bundled renewable electricity contracts, including green tariffs and power purchase agreements (PPAs). Detailed information on the type of instruments used is only available after the close of the reporting year. The calculation of the shares of different types of instruments is therefore based on the electricity consumption of the previous reporting year. For the calculation of bundled and unbundled percentages, electricity consumption (instead of emissions) is used as the denominator as market-based scope 2 emissions for electricity covered by contractual renewable energy instruments are considered zero. Using electricity consumption values aligns with ESRS guidance. As a result, 68.4 percent of total electricity consumption in 2024 was backed by unbundled RECs, and 28.9 percent by bundled renewable electricity contracts, bringing the total share of electricity covered by contractual renewable energy instruments to 97.3 percent.

[E1-6 AR 46 (g)] For the calculation of category 1, 0 percent of category 1 emissions have been calculated based on primary data from suppliers. For methodology changes, such as the change of emission factors, previous reporting years are adjusted based on the thresholds outlined in the methodology section. In 2025, a refinement of the methodology for spend-based emission factors as well as underlying spend data was reflected in a restatement for the prior period.

METHODOLOGY

[E1 MDR-M 77 (a)]

Energy consumption and scope 1 & 2 emissions

[E1-6 AR 39 (b)] We calculate our scope 1 and 2 GHG emissions using detailed methodologies that incorporate assumptions and standardized emission factors, following the standards of the GHG Protocol. For scope 2, we follow the GHG Protocol Scope 2 Quality Criteria. For scope 1 emissions from our fleet vehicles, we collect vehicle-specific data, such as fuel type and emission factors for every vehicle in the fleet. If this is not available, estimations are applied. In particular, the distance travelled is estimated based on the leasing contract duration. Fleet emission factors are based on WLTP/NEDC emission profiles per vehicle and provided in g CO_2/km. They are then adjusted to the lab-to-road factor based on the vehicle's location. Offsite charging of ABB electric vehicles is not included in scope 2 GHG emissions.

Emissions from the on-site use of fuel, coolants and SF_6 are calculated using data reported quarterly or annually, depending on the facility size. Global emission factors are applied for oil and gas, SF_6, diesel, cooling agents and biofuels. For scope 2 emissions from purchased electricity and district heating, we collect and process energy consumption data from facilities worldwide, applying both location-based and market-based emission factors. Location-based calculations use average grid emission factors in kg CO_2e/kWh from IEA, while market-based calculations consider specific contractual arrangements like renewable energy purchases or power purchase agreements, with emission factors obtained from the respective local providers. All emission factors are calculated using CO_2-equivalent (CO_2e) values and are reviewed on an annual basis for accuracy and relevance. We do not apply all conversion factors listed in Annex IV of Directive 2012/27/EU, as several energy sources covered by the Annex are not material to ABB's operations. However, conversion rates used for the underlying energy consumption are in line with Annex IV of the EU Directive 2012/27 of the European Parliament and the Council on energy efficiency. For oil and diesel, we use a joint conversion factor of 43 MJ/kg to simplify reporting. For all biofuels, we use a generic liquid biofuels conversion factor of 39.9 MJ/kg.

Site-level energy consumption is collected through the global ABB reporting system for environmental data, which is used to document the environmental performance from more than 320 production, office and service sites, covering more than 90 percent of our energy consumption and almost 90 percent of our headcount. Smaller sites with energy consumption lower than 100 MWh per year and fewer than 100 employees are exempt from reporting. For these sites, a proxy is applied to estimate the environmental performance. The proxy is based on the consumption of the reporting sites and the respective headcounts from ABB HR systems. The average consumption of the reporting sites (including energy, electricity, gas, water and waste) per person is calculated based on the headcount in our HR systems, excluding outliers. These averages are then multiplied by the headcount of the sites that are not reporting their consumption.

Environmental data for the fourth quarter is estimated because actuals for October to December are not available in time for year-end reporting. The months of October to December of the previous calendar year are applied as an estimate for the period of October to December of the current reporting period. If material differences between the two periods of both years with an impact of more than 5 percent of the Group total are expected, an adjustment of the Group totals is applied.

Scope 3 emissions

[E1-6 AR 39 (b) | E1-6 AR 46 (d)] For scope 3 emissions, we report all scope 3 categories that are relevant to ABB and that are not covered in scope 1 and 2 (please see the table "Overview of scope 1, 2 and 3 GHG emissions" above). As the vast majority of our emissions stem from the use of sold products reported in category 11, this category represents the most significant contribution. For the calculation of scope 3 emissions, and for the assessment of the materiality of the different scope 3 categories, we refer to the GHG Protocol Corporate Value Chain Accounting and Reporting Standard. The calculation of scope 3, category 11 emissions is based on a bottom-up model for the diverse offerings across our divisions. This bottom-up model utilizes sales or order data to develop an estimate of the products sold that would serve as an input into the model to determine the total energy consumed. For certain ABB businesses with project-related sales, our methodology is based on order date in lieu of delivery, due to better data availability. This introduces timing differences between when the model considers a product sold (i.e., at order date) as opposed to the beginning of use of the product by the customer and the start of the emissions output (i.e., at delivery or installation). Inherently, this results in an accelerated rate of recognition of scope 3 emissions. The model considers both the technical specifications and the operating conditions associated with each product, including product energy consumption metrics and efficiency specifications. We use two primary methods to estimate energy consumption during the operational phase of sold products:

- Energy Input Method: Applied to products that require specific power inputs to perform their tasks, such as motors, automation systems and robotics.
- Energy Loss Method: Used for products where energy efficiency losses are critical, such as electrical drives and switchgear.

The total energy consumed is converted to GHG emissions using regional emissions factors from the IEA, as well as other databases (including ICCT[5] for marine oil mix average). These factors are updated annually.

The remaining scope 3 emissions (everything apart from category 11) encompass a broad range of indirect emissions. Depending on the category, we use different methods to calculate these emissions:

- Spend-Based Method: Applied to categories such as transportation or capital goods, where we calculate emissions based on the financial expenditure. Emission factors are derived from Exiobase and are adjusted for inflation on an annual basis, using conversion factors from GOV.UK and World Bank, which are updated annually.
- Activity-Based Method: For categories such as business travel, emissions are approximated using activity data such as travel miles, number of trips and transportation modes. Emission factors are retrieved from DEFRA[6], GaBi[7], CRREM[8], Climatiq[9], NREL[10] and IEA and are updated annually, where applicable.

[5] International Council on Clean Transportation
[6] Department for Environment, Food and Rural Affairs (UK)
[7] GaBi Life Cycle Assessment Database / Software (by Sphera)
[8] Carbon Risk Real Estate Monitor
[9] Climatiq Emission Factor Database
[10] National Renewable Energy Laboratory (U.S. Department of Energy)

- Mix of spend-based and average data method: For the calculation of category 1, a mix of spend-based and weight-based data is applied. Where available, material weight combined with external emission factors from EcoInvent is applied for the calculation of emissions. EcoInvent emissions factors are reviewed annually. Where available, supplier product carbon footprints are utilized. When weight or product information is not available, the spend-based method is applied. If spend-based emission factors are replaced by EcoInvent or supplier product carbon footprints, the restatement of prior-year category 1 emissions is evaluated based on the restatement thresholds outlined in the methodology section for total GHG emissions.

- For category 12, emissions are calculated primarily using physical emission factors, except for electronics, which use a conservative spend-based factor assuming 5 percent allocation to landfill end-of-life treatment. Materials weight is estimated from spend data, except for SF_6 where direct weight data is used. Plastic emissions apply region-specific end-of-life treatment shares from the OECD Data Explorer (latest update March 2024). SF_6 emissions account for use-phase leakage and defined end-of-life recycling and leakage rate.

As full-year data is not available for most categories in time for year-end reporting, the full year is approximated using the following approaches by category:

- Category 11: Activity data from the first to third quarters is extrapolated based on the financial forecast by the divisions.

- Category 1: Full-year actuals are used for the spend- and weight-based data, which constitute the majority of category 1 emissions. For a subset of the category 1 emissions relating to water, the underlying activity data is extrapolated for the fourth quarter based on the proxy described for environmental data.

- Category 13: Based on the building stock as of June 30, 2025.

- Categories 3, 5 and 12: Activity data from the first to third quarters is extrapolated based on the proxy described for environmental data.

- All other categories: Data from the fourth quarter is estimated as an average of the first three quarters.

[E1-6 AR 46 (i)] ABB does not operate franchises, hence emissions from category 14 are 0. Category 8 (upstream leased assets) is accounted for in our scope 1 and 2 GHG emissions. Additional inclusion in scope 3 would lead to double counting. Category 10 emissions are collected together with category 11 emissions, but have equaled 0. ABB products are installed directly as part of the end application and not as intermediary products under the current GHG Protocol Cat. 11 definition. Installation of ABB products is based on manual processes, including, e.g., bolting or wiring, hence incurring limited category 10 emissions.

The scope 3 categories included in our inventory are shown in the table “Overview of scope 1, 2 and 3 GHG emissions”.

[E1-6 AR 46 (h)] We report scope 3 GHG emissions following the boundaries and methodologies defined by the GHG Protocol Corporate Standard. The reporting scope covers both upstream and downstream activities, including categories as defined in E1-6 AR 46 (i), ensuring comprehensive representation of our value chain. Emissions are attributed based on our operational and value chain control.

Avoided emissions

For the calculation of avoided emissions, ABB has developed a methodology based on guidance from the WBCSD, tailored to its product portfolio. According to WBCSD's guidance, "avoided emissions" refers to the reduction in GHG emissions achieved by comparing our products or solutions to a reference scenario where the solution is not used. Both the product and reference scenario are assessed through their entire life cycles. Three scenarios are considered: replacement, retrofit and new installation. Consistent with scope 3 GHG emissions data collection, data is collected covering the percentage of sales or orders as applicable, reported in kWh or tCO_2e. The data is drawn from our sales teams and the products' technical specifications. Alongside the three scenarios, several factors provided by the WBCSD guidance for avoided emissions affect the eligibility of avoided emissions against our ambition:

- **Gate 1 (climate action credibility):** ABB transparently reports on 100 percent of its value chain emissions on an annual basis. This covers 13 of the 15 scope 3 GHG Protocol categories. Using this comprehensive GHG inventory, we have set SBTi targets, which had been validated in 2024. As mandated by current guidance, we do not use avoided emissions to claim any GHG inventory-related emissions reductions nor net-zero status.
- **Gate 2 (climate science alignment):** We do not consider avoided emissions from product lines or solutions sold to sectors and applications linked to exploration, extraction, mining, production, distribution or sale of fossil fuels.
- **Gate 3 (contribution legitimacy):** We only consider avoided emissions that arise from installations, which drive change within their respective markets. For example, for the product category of motors, only high-efficiency motors in a higher energy-efficiency class than the current installed average and used in replacement projects would be eligible for inclusion. For the product category of variable speed drives, we consider the retrofit of existing direct-on-line motor-driven systems as mainly eligible for avoided emissions. In new installations of motor-driven systems, we exclude applications where the customer has already decided to install a drive. We only include sales where the customer has been convinced to install a drive with the motor, thereby improving overall efficiency.

Examples of ABB's climate mitigation options which lead to avoided emissions linked to mitigation options from the IPCC AR6 Working Group III Summary for Policymakers

Product category	Solution	Recognized mitigation potential
Variable speed drives (VSD)	Low and medium VSDs added to motor-driven systems to regulate load ratio of the motor so as to decrease the demand of energy input to the system itself.	Energy efficiency – Direct impact – Reduced demand for energy input of a motor-driven system.
High-efficiency low-voltage motors	High-efficiency solution replacing old, inefficient electric motors with an efficiency rate higher than installed base average.	Energy efficiency – Direct impact – Increased efficiency of a motor-driven system.
Gearless mill drives (GMD)	Installation of GMDs on grinding mills to eliminate mechanical components such as ring gears and pinions, leading to increased efficiency of the application system.	Energy efficiency – Direct impact – Increased efficiency of the application.

Electrical marine propulsion solutions	Marine propulsion units developed and installed to increase maneuverability of the ship/vessel and reduce fuel consumption.	Shipping: efficiency and optimization – Direct impact – Increased efficiency of the application and reduced fuel consumption.
Shaft generators	Generator/alternator used in the marine sector to support the main engine of a ship/ vessel and increase the efficiency of power generation.	Shipping: efficiency and optimization – Direct impact – Reduced fuel consumption.
Shore-to-ship connections	Integrated systems that connect ships to the port's electricity grid via a shore-to-ship power connection and reduce consumption, pollution and noise while ship is docked.	Shipping: efficiency and optimization – Direct impact – Increased efficiency and reduced emissions of a system.
Selected modernization service for electrification equipment	Replacements, extensions, upgrades and retrofits of existing equipment that make it possible to avoid substituting an application package	Material efficiency – Decarbonizing impact – Avoidance of emissions from the production of new equipment.

Calculations for avoided emissions are product specific. The calculation is highly sensitive to external data or analysis not always available to product- or market-specific assumptions. A percentage change in either assumption will result in an equivalent percentage change in the calculated avoided lifetime emissions. Consistent with our application of the estimates on products sold for scope 3, the determination of avoided emissions uses sales or order data to develop an estimate of the products sold that would serve as an input into the model to determine the total energy consumed. For certain ABB businesses with project-related sales, our methodology is based on order date in lieu of delivery, due to better data availability. This introduces timing differences between when the model considers a product sold (i.e., at order date) as opposed to the beginning of the use of the product by the customer and the start of the emissions output (i.e., at delivery or installation). Inherently, this results in an accelerated rate of recognition of avoided emissions ahead of actual reduction to customers' emissions.

Total GHG emissions

[E1-6 47] The scope of consolidation for GHG emissions reporting follows the Group standards outlined in the section "Approach to reporting" at the beginning of this Sustainability Statement. GHG emissions of prior reporting periods are adjusted for mergers & acquisitions as well as calculation errors or methodology changes if the cumulative impact exceeds 5 percent, or lower if deemed necessary or appropriate, of the Group total per type of adjustment (M&A and methodology changes/errors, respectively). If adjustments to past reporting periods are made, the respective tables are annotated accordingly.

[E1-6 55] For the calculation of the GHG emission intensity, the ABB Group total revenues plus total revenues from discontinued operations are applied.

Physical and transition climate risks and opportunities

[E1-9] ANTICIPATED FINANCIAL EFFECTS

PHYSICAL RISKS

[E1-9 66 (c) | E1-9 AR 69 (b)]The qualitative physical climate risk assessment outlined in section E1 IRO-1 on p. 59 classified approximately 400 sites in low- to high-risk categories for different hazards and focused on the material gross risks. The sites in scope are located in 60 countries globally, represented by all manufacturing and selected non-manufacturing sites, which may have EU Taxonomy aligned activities. Materiality is defined by taking into consideration the risk level, the type of activity and the potential magnitude of financial effects resulting from the different hazards. Physical risks were assessed across the short- (up to one year), medium- (one to five years), and long-term (more than five to thirty years) time horizons. The selection of time horizons for physical risks reflects our strategic planning horizons and capital allocation plans as well as expected operational lifetimes of our assets, which are assumed to be operational either based on their remaining technical lifetime or continuous long-term operation at those sites. The long-term horizon also considers the expectation that adverse climate-related events could become more frequent and increase in severity.

[E1-9 66 (c)] Based on the assessment, the results indicate that less than 10 percent of the assessed sites could potentially be exposed to a material gross physical climate risk. These sites are geographically distributed across the three regions where we operate including locations in Australia, Brazil, China, Germany, India, Mexico, Switzerland and the United States. However, the resilience analysis (see E1 SBM-3 section, p. 57) confirmed that these sites have adequate risk mitigation measures in place, reducing the net risk to non-material levels.

[E1-9 AR 69 (a)] Our assessment indicates that the hazards identified are expected to have a medium impact under the moderate RCP4.5 scenario. However, the severity of these hazards and the impact on our business may increase under the more extreme RCP8.5 scenario (e.g., through pluvial floods), which confirms the understanding that higher rates of global warming increase susceptibility to those climate-related risks.

When examining applicable hazards under a strong global warming RCP8.5 scenario, we observe a slight increase in the severity levels between the medium- and long-term time horizons. In addition, the United States and China have the highest number of gross risks within our portfolio. In principle, the sites could be temporarily impacted through reduced production capacities in the hypothetical absence of mitigation measures. However, the resilience analysis demonstrates that these sites have adequate risk mitigation measures in place, reducing the net risk to non-material levels.

Regarding physical climate risks in the upstream and downstream value chain, interviews with risk owners of the enterprise risks relating to dependencies on key customers and suppliers confirmed that the drivers of the reported risks reflect more general business drivers and not physical climate risks specifically. There are a few historical examples, which demonstrated an exposure to physical climate risk in some business areas. However, we take steps to mitigate these risks through dedicated measures, which include, for example, considering multiple suppliers for components during the R&D process, requesting business continuity plans from suppliers, or establishing such plans internally if a dependency on a single supplier cannot be avoided. To facilitate awareness within our value chain, we conducted a supplier summit in June 2025, at which sustainability was one of the key considerations.

TRANSITION RISKS AND OPPORTUNITIES

[E1-9 64 (c) | E1-9 AR 72 (b)] The results of the qualitative transition risk and opportunity assessment, based on the low emission scenario (1.5°C) outlined in section E1 IRO-1, p. 59, indicate that the following risk categories would have the most material financial effect across the assessed time horizons of short- (up to one year), medium- (one to five years), and long-term (more than five to thirty years), which align with our financial planning and ERM timeframes:

- Reputation risks associated with potential litigations arising from possible shortfalls in climate performance of upstream and downstream business counterparts as well as potentially lagging behind competitors in implementing sustainability standards.
- Market risks associated with potential increases in production costs due to increased demand for critical raw materials, as well as potential tender penalties due to inadequate environmental performance data.
- Policy and legal risks associated with the ban of climate potent or environmentally harmful substances potentially affecting some specific products in our portfolio.

On the other hand, the opportunity categories that are expected to have the most positive effect on the financial performance of ABB are:

- Product and service opportunities associated with capitalizing on the growing demand for products/services, which support the energy transition, as well as implementing automation solutions in different industries to increase productivity, efficiency and reduce carbon emissions.
- Resource efficiency opportunities associated with the adoption of resource efficient practices and technologies.
- Market opportunities associated with positioning ABB as a thought-leader for sustainability and an enabler of the energy transition to a lower carbon economy.

[E1-9 AR 72 (a) | E1-9 AR 73 (a) | E1 IRO-1 AR 12 (d)] The results of the assessment for transition risks scored by the business areas and corporate functions also conclude that asset stranding does not represent a material risk compared to other transition risks. This is established through a complementary assessment performed to identify the risk of stranded assets, based on the specific energy consumption of buildings in our real estate portfolio. The results of the assessment show that a relatively small portion of our real estate might be at risk of stranding in the medium-term when compared with the stringent decarbonization pathways outlined in the “Net Zero Emissions by 2050” (NZE 1.5°C) scenario of the International Energy Agency (IEA). Furthermore, ABB's products may be used in sectors such as oil and gas. We recognize the transitional role of oil and gas in securing energy supply and support a phase-out of fossil fuel in the energy system by 2050. Our business activities in this sector may be adjusted as a result of efforts to be compatible with the transition to a low-carbon society.

COMMITTING TO CIRCULARITY

Strategic approach to circularity

[E5] RESOURCE USE AND CIRCULAR ECONOMY

Preserving resources is a key pillar of ABB's Sustainability Agenda and a core element of our value creation model. Our Circularity Approach is a company-wide effort to implement a resource-efficient business.

Beginning with the design stage, we are committed to increasing the reusability and recyclability of our products and making them more durable by means of our lifetime extension and modernization services. We are working with customers, suppliers and partners to embed circularity throughout our entire value chain. The relevant functions assess the impact of our offerings through their complete life cycle. This process builds cooperation and partnerships with key stakeholders across industries and sectors – from recovering scrap from production to enabling take-back schemes in many markets. Within our own operations, we avoid waste by being more efficient and increasing the use of sustainable materials in our products and packaging, and by expanding recycling activities at our sites. Our Circularity Approach is managed by the ABB Circularity Working Group, which coordinates initiatives relating to circularity among our business areas, clarifies and updates the ABB Circularity Framework, defines circularity KPIs and establishes the guidelines by which the KPIs are assessed.

[E5 IRO-1] IDENTIFYING AND ASSESSING MATERIAL IROs

The 2025 DMA identified eight material impacts, risks and opportunities (IROs) in the field of resource use and circularity. Four of these were classified as impacts, one as a risk, and three as opportunities. For more information on our process to identify these IROs, their place in the value chain, their time horizons etc., please see the IRO table in the chapter "Sustainability at ABB", section IRO-1.

[E5 IRO-1 11 (a)] In order to identify the IROs, we mapped the value chain taking into account ABB's business activities.

[E5 IRO-1 11 (b)] In the course of our regular consultations, stakeholder opinions were taken into account in arriving at our IROs.

Policy commitments to circular resource management

[E5-1] POLICIES RELATED TO RESOURCE USE AND CIRCULARITY

All sustainability-related policies of ABB are described in a dedicated Policies section at the end of the chapter "Sustainability at ABB".

[E5-1 15 (a), 15 (b)] ABB manages its resource use and contribution to the circular economy through a range of policies and procedures. Some, such as the Sustainability Policy; Supplier Code of Conduct; and Health, Safety, Environment (HSE) & Security Policy are broad in scope and referenced in the policy section referred to above. This also includes more specific policies such as the Circularity Approach (an appendix to the Sustainability Policy) and waste management-related aspects in the Environmental Procedure.

Targets relating to resource use and circularity

[E5-3] TARGETS RELATED TO RESOURCE USE AND CIRCULARITY

[E5-3 23 | E5-3 24, 24 (b), 24 (c)] We are assessing our products against a set of eight KPIs in the ABB Circularity Framework, including circular design principles in product design and serviceability, product efficiency and lifetime duration. These include take-back and recycling services to increase the circularity of the materials used and reduce the use of virgin raw materials.

[E5-3 24 (e)] We have a quantitative target of sending zero waste to landfill while reducing waste generation by 2030. We apply this approach to recycling and limiting waste generation in our operations and production processes.

[E5-3 24] We have adopted a company-wide approach to circularity. By 2030, we aim to achieve an 80 percent alignment score for product-based revenues with the ABB Circularity Framework by assessing the performance against clearly defined KPIs across all stages of the product life cycle (for further information see section “ABB Circularity Approach”).

[E5 MDR-T 80 (a)] Our target represents a key measurement of the pillar within our Sustainability Agenda, as outlined in our Sustainability Policy: To preserve resources, we embed circularity in our products, reduce waste, protect water and biodiversity, and use land responsibly. This objective reflects our commitment to integrating circular principles and responsible resource management across our operations. In this context, our target “Zero waste to landfill” is one of the KPIs within the ABB Circularity Framework, contributing directly to the target of the Sustainability Agenda.

[E5 MDR-T 80 (c)] Our Circularity target is Group-wide and our Zero Waste to Landfill target applies to all operations, wherever it is compatible with local conditions and regulations.

[E5 MDR-T 80 (f), 80 (g)] The Circularity target has been defined based on internal assessments and strategic priorities, taking into account key circularity principles and stakeholder expectations. In designing ABB’s Circularity Approach, several critical parameters were considered, including:

- concepts developed by leading experts in the field such as the Ellen MacArthur Foundation;
- technical and regulatory requirements, notably those outlined in the EU Taxonomy for sustainable activities; and
- expectations of ABB’s customers and investors.

These elements aim to ensure alignment with international sustainability frameworks and reflect the broader context of sustainable development and the specific local conditions in which our operations take place.

To define our Zero Waste to Landfill target we used the UL Solutions framework and considered conclusive scientific evidence that it is better for the environment to recycle waste than sending it to landfill. It will be accomplished with no more than 10 percent of waste sent to thermal processing with energy recovery, waste-to-energy (WTE).

[E5 MDR-T 80 (i)] In 2025, hazardous waste was added to the scope of the Zero Waste to Landfill target to align further with the UL 2799 standard. Furthermore, starting in 2025, our disclosures regarding the Circularity target include both the number of products assessed and their corresponding scoring values rather than reporting the share of assessed products only. As this is the first year applying this enhanced methodology, explicit comparability with previous years is not possible. This change provides deeper insights into both the evaluation outcomes and the extent of product coverage.

[E5 MDR-T 80 (j)] 2025 is the first year ABB is reporting on the scoring values of the circularity assessment. Going forward, our future performance and progress will be monitored annually by the Circularity Workstream. Reporting on the Zero Waste to Landfill target is part of the process for site-level environmental reporting including results aggregated across divisions and business areas. The overall review of all our targets is part of the annual performance planning cycle and the Long-Term Performance Plan (LPP) under oversight of the Group Head of Sustainability and the Sustainability Council. For our performance against the targets, please see the table below.

Target	Unit	Base year	Baseline value	2025 status	2024 status
[E5] Committing to circularity					
Achieve 80% alignment score for product-based revenues with the ABB Circularity Framework by 2030[1,2]	%	2025	-	27%	n.a.
Send zero waste to landfill while reducing waste generation by 2030[3]	kt	2019	16.8kt equivalent to 8.8% of total waste	10.3 kt equivalent to 5.3% of total waste	9.3 kt equivalent to 5.8% of total waste

1 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. The Robotics division, which is being divested in 2026, is not included in the target for 2025. For 2025 46% of the product based revenues have been assessed.

2 The reported target for 2025 is calculated based on data for Q1 to Q3 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.

[E5-3 24 (a)] There are no additional targets relating to product design. [E5-3 24 (d)] Similarly, there are no additional targets relating to renewable resources, [E5-3 24 (f)] or other matters relating to resource use or circular economy, [E5-3 24 (d) | E5-3 25] including information on the waste hierarchy to which any such targets would relate. [E5-3 27] None of our targets are mandatory in the sense of being required by legislation.

Circularity management

[E5-2] ACTIONS RELATED TO RESOURCE USE AND CIRCULARITY

TAKE-BACK AND RECYCLING PROGRAM FOR MOTORS

[E5-2 19] ABB has operated a global Take-Back and Recycling program since 2023, aimed at increasing circularity at the end-of-life stage of ABB Motion products, specifically motors, including non-ABB equipment. The program aims to ensure that returned assets are responsibly recycled. While globally supported, execution is locally driven, with active operations in nine countries.

This initiative applies our Circularity Approach principles to enable more efficient resource use and reduce negative environmental impacts. It also strengthens ABB's market positioning by fostering partnerships with waste management companies, customers and channel partners.

WASTE OPTIMIZATION AND REDUCTION PROGRAMS

[E5-2 19] ABB is implementing site-level programs across its operations to optimize waste management and to prevent and reduce waste, with the objective of eliminating landfill disposal of waste under our operational control by 2030, wherever compatible with local conditions and regulations. This includes both hazardous and non-hazardous waste, with formal exclusions for specific categories such as demolition waste and other one-off or mandated disposals.

Execution is the responsibility of our divisions and follows the ABB Way operating model. The waste optimization and reduction programs contribute directly to the waste-related KPIs of our Circularity Framework and focus on waste generated within our direct operations and at sites under ABB's operational control.

ACTIONS OVERVIEW (E5)

[E5 MDR-A 68 (a), 68 (b), 68 (c)]

We are already executing all activities listed below.

List of key actions	IROs covered	Scope	Time horizon
Take-Back and Recycling Program for Motors	E5-PI-01, E5-PI-02	The action covers ABB's direct operations and downstream value chain, focusing on end-of-life management of Motion products.	Ongoing program, initiated in 2023
Waste Optimization and Reduction Programs at Site-Level	E5-PI-01, E5-NI-01	For all sites in ABB's direct operations, each division decides how to implement measures based on prioritization and evaluation.	2030

Facts & figures Resource use and circular economy

[E5-4] METRICS: RESOURCE INFLOWS

[E5-4 30] ABB publishes the weight of the four main material groups, which make up the main share (around 80 percent) of our products' weight. All four material groups fall under the definition of "technical materials" according to ESRS. At this stage, packaging materials have not been included in the calculation, due to insufficient internal data quality.

[E5-4 31 (a) | E5 MDR-M 77 (c)] During the reporting period the total weight of products and technical materials used for the manufacturing of our products amounted to:

Materials used (kilotons)[1]	2025	2024
Metals	**623**	
Copper	73	
Aluminum	29	
Steel (incl. iron casting)	521	
Plastics	**53**	
Total weight of materials used	**676**	

1 Values reported in 2024 are not comparable as they were prepared following the GRI definition.

[E5-4 31 (c)] The weight of secondary reused or recycled components, secondary intermediary products, and secondary materials used is not reported, as this information is not yet captured with sufficient accuracy in our internal systems.

[E5-5] METRICS: RESOURCE OUTFLOWS

[E5-5 35] ABB is committed to using materials with a low environmental footprint and to designing components and products that are resource-efficient throughout their life cycle. By maximizing the share of sustainable materials, we reduce environmental and human health impacts during use, while also enabling materials to be recovered and reintroduced multiple times once products reach their end-of-life. The following are key circular design portfolios in our business areas.

- **Motion**: This business area is subdivided into two clusters:
  - **Electric Motion:** ABB's comprehensive portfolio of high-efficiency motors, generators and variable speed drives improve energy efficiency, productivity and reliability across industries, while also extending asset lifetimes. They are designed for high efficiency, reducing life cycle energy consumption, durability and resource efficiency to minimize resource use and waste and for modular and upgradable architectures enabling serviceability and recyclability.
  - **Traction Solutions:** Our propulsion, auxiliary and energy storage systems for rail and e-mobility, supported by life cycle maintenance and retrofit services, are built to maximize energy efficiency and reduce emissions over their life cycle; to ensure longevity through durability, retrofit and modernization. They also help to adopt modular designs that enable reuse, serviceability and recyclability.

- **Electrification**: This is a range of products and solutions that connect, protect, control and measure electrical systems across residential, commercial and industrial sectors, spanning low- and medium-voltage applications and supporting diverse industries including infrastructure, manufacturing, energy and transportation. Across this portfolio, our approach to circular design is anchored in a comprehensive framework that spans the entire product life cycle, from design and sourcing to end-of-life. Products are designed for modularity, durability and recyclability, with sourcing practices focused on sustainable materials and close

supplier collaboration. Manufacturing and logistics operations are optimized to reduce and recycle waste, while packaging is tailored for minimal environmental impact. Once products are deployed, ABB enables customers to extend asset lifetimes through energy-efficient use, modernization services and predictive maintenance. End-of-life strategies include take-back programs and recycling partnerships to ensure responsible disposal and material recovery. Transparency is ensured through the ABB EcoSolutions™ program.

- **Automation**: This business area is subdivided into several divisions with individual circular design portfolios.
  - The solutions in **Energy Industries** are built to ensure longevity through durability, retrofit, modernization and digital upgrades; and to adopt modular designs that enable reuse, serviceability and recyclability, supporting material recovery at end-of-life. They also help expand the lifetime of assets through servicing, upgrades and digital monitoring.
  - Our main circularity offering in **Marine & Ports** is electric propulsion systems, which reduce fuel consumption and enable the use of alternative fuel sources. The products are designed for repairability and appropriate recycling at end-of-life.
  - The comprehensive sensor portfolio of **Measurement & Analytics** enables a wide range of industries to maximize uptime, minimize manual intervention and streamline sustainable operations, all of which are complemented by life cycle maintenance and retrofit services.
  - With their digital tools, the **Process Industries** division helps mining, pulp & paper and metals customers maximize efficiency and sustainability by reducing energy use and costs, transitioning to low-carbon operations and ensuring process control to minimize waste. Upgrades enable serviceability, ensure longevity through durability, retrofit and modernization.
  - The **Machine Automation** portfolio combines motion control, vision systems, robotics and intelligent pick-and-place mechanics for maximizing efficiency over the entire life cycle, thus minimizing product deficiencies (resource consumption) and maximizing energy efficiency at our customers' facilities.

[E5-5 36 (a), 36 (b)] Due to our highly diversified product portfolio, which includes millions of products and product variants across a wide range of industries and applications, it is not feasible to provide durability and repairability data at a level of granularity that would be meaningful for stakeholders. Furthermore, industry-wide benchmarks for product durability are not consistently available or comparable across the relevant product groups. We will continue to monitor the relevance of this datapoint in future reporting cycles and reassess its materiality as appropriate.

[E5-5 36 (c)] In 2025, we achieved a recyclable content of 78 percent in our products. The recyclability rate is calculated based on the total weight of the main four purchased material groups reported above (ESRS E5-4 31a); packaging is excluded due to insufficient internal data quality. This proxy reflects recyclability of materials acquired rather than those incorporated in final products. This approach is considered a reasonable interim methodology until detailed product sales data becomes available to enable more accurate calculations.

[E5-5 38 (a), 38 (b)] Waste streams reported across ABB's manufacturing and service sites reflect the company's operational profile in the electrical equipment and automation sector. In 2025, commonly reported waste streams in this sector included scrap metal, packaging materials, wood, electronic components, solvents and thermoplastic resins. These are generated primarily through machining, assembly, testing and maintenance activities, as well as logistics and warehouse operations.

In 2025, the main waste material tracked at Group level was scrap metal, including ferrous and non-ferrous metals, which is tracked across sites due to its relevance

for ABB operations. As a leading manufacturer of motors, metal waste from, for example, electrical steel, constitutes a major share of ABB's total waste. Additional materials such as plastics, wood, solvents, packaging and electronic components are present in the waste streams of specific locations but are not centrally tracked or aggregated at Group level. The extent to which these materials are reported depends on site-specific operations, local requirements and waste infrastructure.

[E5-5 37 (a), 37 (b), 37 (c), 37 (d) | E5-5 39 | E5 MDR-M 77 (c)] Overall waste generation increased between 2024 and 2025 mainly due to larger construction and demolition projects in several sites, update of waste inventories and a refined methodology for several waste categories.

	2025	2024
Total amount of waste generated (in kt)[1]	**218**	**189**
Total amount of hazardous waste (in kt)	**6**	**7**
Total amount of hazardous waste diverted from disposal (in kt)	**3**	
Recycling	3	
Preparation for reuse	—	
Other recovery operations	—	
Total amount of hazardous waste directed to disposal (in kt)	**3**	
Incineration	2	
Landfill	1	
Other disposal operations	—	
Total amount of non-hazardous waste (in kt)	**212**	**182**
Total amount of non-hazardous waste diverted from disposal (in kt)	**173**	**153**
Recycling	170	153
Preparation for reuse	2	
Other recovery operations	1	
Total amount of non-hazardous waste directed to disposal (in kt)	**39**	**30**
Incineration	9	10
Landfill[2]	12	20
Other disposal operations	18	
Total amount of non-recycled waste, hazardous and non-hazardous (in kt)	**42**	**32**
Percentage of non-recycled waste	**19%**	**17%**

Due to rounding, numbers presented may not add to the totals provided.
Comparatives not shown unless already reported in the 2024 Sustainability report.

1 The 2024 waste figures have been adjusted for changes in methodology relating to estimated consumption for non-reporting sites.

2 For 2024 Landfill and Other disposal operations were presented together.

METHODOLOGY

[E5 MDR-M 77 (a)]

Total weight of products

[E5-4 32] In 2025, ABB introduced a new methodology for calculating and reporting the total weight of products and materials used based on the four main material groups, marking a significant evolution from previous years' practices under the GRI reporting framework. This methodological update was designed to enhance consistency and alignment with our scope 3.1 emissions calculation approach, thereby improving the reliability and comparability of the reported data.

The revised methodology is based on the implementation of a dedicated internal tool capable of extracting product weight information from our internal databases, where available. Where direct data is not accessible, the tool applies structured logic to extrapolate weight values based on product specifications and classifications. In cases where weight data is missing or incomplete, the methodology relies on reasonable assumptions, such as using comparable products with similar characteristics and price-to-weight relationships, to estimate values based on spend data. These assumptions are applied consistently to maintain reliability and minimize estimation bias. For the 2025 reporting cycle, we focused on primary material groups, which account for approximately 80 percent of our total raw material weight. This targeted scope was chosen to ensure a high level of data quality and relevance.

Data related to the E-mobility business is currently excluded, as this area is not considered financially material for the purposes of this metric and therefore falls outside the defined scope.

Recyclability rate

Recyclability is assessed at the material level using proxies derived from IEC/TR 62635 and EN 45555:2020 standards, complemented by scientific literature. The most conservative recycling scenario described in IEC/TR 62635 is applied to ensure prudence. For simplification, a single proxy is assigned per material type, and conservative factors are included to account for product characteristics that may affect recyclability (e.g., coatings, disassembly). These factors are based on expert judgment and may evolve over time as data quality improves.

Waste

[E5-5 40] Waste data is reported at site level through the global ABB reporting system for environmental data. For more information on our reporting system and exceptions, please see the methodology section under E1-6 (Greenhouse gas emissions). More information on estimation methodology can also be found there.

Definitions of waste types:

- **Waste diverted from disposal, breakdown by hazardous and non-hazardous waste and treatment type**: We consider waste as diverted from disposal when it is recycled, prepared for reuse or through another recovery operation. Recycling is any recovery operation by which waste materials are reprocessed into products, materials or substances, whether for the original or other purposes. It includes the reprocessing of organic material but does not include incineration with energy recovery. Preparation for reuse is checking, cleaning or repairing operations, by which products or components of products that have become waste are prepared to be put to use for the same purpose for which they were conceived. Recovery is any operation, the principal result of which is waste serving a useful purpose by replacing other materials which would otherwise have been used to fulfill a particular function, or waste being prepared to fulfill that function, in the plant or in the wider economy.

- **Waste directed to disposal, breakdown by hazardous and non-hazardous waste and treatment type**: We consider waste as directed to disposal

when it is sent to incineration, landfill or other disposal types. Incineration is the controlled burning of waste at high temperature with or without energy recovery. Landfill is a waste disposal site for the deposit of the waste onto or into land. Waste sent to other disposal operations covers all other disposal types.

Data entry for waste is typically done in tons, kilograms or pounds. If additional conversion is needed (e.g., from m^3 into tons), the conversion is calculated locally using conversion rates from local sources and providers.

Waste figures from the baseline reporting period are not adjusted for mergers & acquisitions, calculation errors or methodology changes. The comparative period is adjusted if the cumulative impact of mergers & acquisitions, calculation errors and methodology changes exceed 5 percent, or lower if deemed necessary or appropriate, of the Group total. If adjustments to the comparative reporting period are made, the respective tables are annotated accordingly.

WATER MANAGEMENT AT ABB

Water as a material topic

Water management at ABB is especially relevant in areas of increased water stress. We apply our environmental management system and specific water standards to manage the associated challenges.

[E3 IRO-1] IDENTIFYING AND ASSESSING MATERIAL IROs

[E3 IRO-1 8 (a)] In the DMA update carried out at ABB in 2025, the materiality of water was identified as being driven by the impact of water stress in production sites in those locations where this is an issue. Hence, the focus of the analysis was on the real or potential impact that water consumption has in areas of water risk or high water stress. The aspect of marine resources does not apply to any of our locations or activities.

Regarding material IROs, the DMA revealed two actual negative impacts with regard to water, both in the upstream value chain, with one of them also applying to own operations. These are further outlined in the IRO table under “Sustainability at ABB”, section IRO-1.

Among the tools we use to monitor and manage water-related risks across our operations is the World Resources Institute’s Aqueduct tool. Aqueduct lets us assess our facilities according to the level of baseline water stress of the local watershed. We use it to track levels of groundwater depletion, flood risk and seasonal variability of water availability at our sites. In 2025, the Aqueduct tool includes information on all ABB sites that report water consumption.

[E3 IRO-1 8 (b)] In the course of our regular consultations, stakeholder opinions were taken into account in arriving at our IROs.

Water-related policies

[E3-1] POLICIES RELATED TO WATER

All sustainability-related policies of ABB are described in a dedicated Policies section at the end of the chapter “Sustainability at ABB”.

COVERAGE OF ABB’S WATER POLICIES

[E3-1 12 (a), 12 (a) i, 12 (a) ii, 12 (a) iii, 12 (b)] ABB’s Water Management and Conservation Requirements and its associated ACOP address the use and sourcing of water in the company’s operations, requiring that all ABB units must confirm with all legal requirements applying to the withdrawal of water and its use. The policy also includes the prevention of pollution. If a site sends contaminated wastewater offsite for treatment the policy stipulates that only licensed service providers shall be used.

In addition, we have introduced a new Environmental Procedure in 2025 that specifies the requirements for sites located in areas of water stress as outlined below (see [E3-3 23]). The management standard, ACOP and the Environmental Procedure refer to water management at site level and do not include specific requirements for product design.

[E3-1 12 (c)] ABB's water policies ensure that water consumption in areas of water stress, both in own operations and in the value chain, are responsibly managed. Respective units and locations must have an adequate action plan in place for how to reduce withdrawals. In our policies, we follow the World Resources Institute's Aqueduct global water risk tool.

Water-related targets

[E3-3] TARGETS RELATED TO WATER

[E3-3 22 | E3-3 23 (a), 23 (c) | E3-3 25 | ESRS 2 72 | E3 MDR-T 81 (b) i, 81 (b) ii] We have not set an ESRS-aligned target related to water yet as the materiality for our operations is lower than for other topics of our Sustainability Agenda, including Climate and Circularity. We nevertheless aim to strengthen water stewardship at sites located in areas of water stress, based on the framework of the Alliance for Water Stewardship. We require

- ABB sites located in extreme and high water stress areas to perform a self-assessment on water stewardship and to develop an adequate action plan by the end of 2026.
- Basic features of the plan to be implemented by the end of 2027 and to be continually improved on an annual basis.

The level of ambition to be achieved as well as any qualitative and quantitative indicators to evaluate progress depend on the local situation at our sites. In line with our decentralized operating model, the ABB Way, the business areas are accountable for coordinating the development of a high-level roadmap with their countries and divisions. They review on an annual basis and assess whether appropriate progress is being made.

Water stewardship is the responsible and sustainable management of water resources by considering environmental, social and economic impacts. It involves collaboration with relevant stakeholders and continuously improving practices. We support the sustainable management of water as a common public resource, which includes managing one of our water-related IROs.

Water-related actions

[E3-2] ACTIONS RELATED TO WATER

[E3-2 17 | E3-2 19 | E3 MDR-A 62] Currently, ABB has no ESRS-aligned action plan for sites in areas of water stress. However, our sites take action to reduce the use of water. As for ABB's new Environmental Procedure, we aim to strengthen water stewardship at sites that are located in areas of water stress. These sites are required to plan for and implement adequate water stewardship measures based on the framework of the Alliance for Water Stewardship.

Facts & figures Water

[E3-4] WATER CONSUMPTION

[E3-4 28 (b) | E3 MDR-M 77 (c)]

Water consumption (in m^3)	2025	2024
Total water consumption in areas at water risk, including areas of high water stress	309,545	283,123

Total water consumption in areas at water risk, including areas of high water stress increased between 2024 and 2025 due to an increase in locations classified as such areas in the Aqueduct Water Risk Atlas tool. In addition, water discharge may decrease during the roll-out of water stewardship projects, leading to a higher difference between water withdrawal and discharge. In 2025, 107 sites are located in areas of high water stress. The majority of these sites are located in Europe and in the Americas.

[E3-4 28 (e)] Water consumption in areas of water risk is calculated as water withdrawn less water discharged. Water withdrawn is based on direct measurements, while the majority of water discharged is not directly measured and is calculated using individual site-usage patterns.

Based on these prerequisites, in 2025, 100 percent of the amount of water withdrawn and 2 percent of the water discharged was based on direct measurement, as described in the Methodology section below.

METHODOLOGY

[E3 MDR-M 77 (a)]

Water withdrawal and discharge are collected through the global ABB reporting system for environmental data. For more information on our reporting system and exceptions, please refer to the methodology section under E1-6 (Greenhouse gas emissions). When water discharge is not available it is estimated using an average rate of 26% for manufacturing sites and 13% for non-manufacturing sites for the current year. These rates are based on averages from ABB reporting sites. For some sites, based on local regulation, water withdrawn is considered equal to water consumed if water is not released back to the municipality but instead is reused within the premises.

Water figures of the comparative reporting period are adjusted if the cumulative impact of calculation errors and methodology changes exceed 5 percent, or lower if deemed necessary or appropriate, of the Group total. If adjustments to the comparative reporting periods are made, the respective tables are annotated accordingly.

Water withdrawal data is typically primary data and extracted from utility bills or meters. Water discharge is estimated as typically water outflow is not metered or measured, except for water discharge categories that involve third-party transactions and which are documented by invoices.

The assessment of exposure of our sites to water risk is based on the Aqueduct Water Risk Atlas tool of the World Resources Institute. According to its definitions, areas at water risk are water catchments where several physical factors related to water cause one or more water bodies to have less than good status and/or deteriorate in status. Areas of high water stress are defined as regions that withdraw 40–80 percent of their renewable water supply; extremely high stress occurs when more than 80 percent is withdrawn.

EU TAXONOMY: DISCLOSURES FOR FINANCIAL YEAR 2025

EU Taxonomy: Background

The EU Taxonomy Regulation establishes a standardized framework to define which economic activities can be considered "environmentally sustainable". It aims to direct capital flows into such activities, enhancing transparency on corporate performance for investors and stakeholders.

The EU Taxonomy categorizes "environmentally sustainable" business activities into six pre-defined environmental objectives[11]. It distinguishes between "Taxonomy-eligible" and "Taxonomy-aligned" economic activities. An economic activity is considered "eligible" if it is described in the adopted EU Taxonomy Climate and Environmental Delegated Acts. An eligible activity is only considered environmentally sustainable, and thus "aligned", if it meets the specified technical screening criteria:

- Substantial contribution to one of the six environmental objectives;
- Do no significant harm (DNSH) to other five environmental objectives; and
- Minimum safeguards, primarily related to human rights and social and labor standards.

Companies are required to disclose the following KPIs: turnover, capital expenditure (CapEx) and operating expenditure (OpEx), associated with both Taxonomy-eligible and -aligned activities.

Since 2021, ABB has been preparing its EU Taxonomy disclosures in accordance with Article 8 of the EU Taxonomy Regulation and the related Delegated Acts. The legal framework for EU Taxonomy reporting continues to evolve. This year, as part of the broader EU Omnibus package to simplify sustainability reporting, a new Delegated Act was adopted "amending Commission Delegated Regulation (EU) 2021/2178 as regards the simplification of the content and presentation of information to be disclosed concerning environmentally sustainable activities and Commission Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 as regards simplification of certain technical screening criteria for determining whether economic activities cause no significant harm to environmental objectives" (the Omnibus Delegated Act). Specifically, the Omnibus Delegated Act introduced materiality thresholds, new reporting templates and targeted adjustments to DNSH pollution criteria (Appendix C). For 2025, ABB applied the Omnibus Delegated Act to our reporting. In line with the new rules, we introduced a materiality threshold to our EU Taxonomy activities, which required updating our reporting methodology compared to last year. EU Taxonomy alignment remains challenging as the revised Appendix C criteria still go beyond sectoral legal obligations.

The EU Taxonomy Regulation is a dynamic, evolving legislation. Its formulations and terms are sometimes subject to uncertainty in interpretation and require further clarification. These disclosures rely on our current understanding and interpretation of the Regulation; the approach applied for this year's reporting is updated in comparison to last year and may not apply in the same way in the future.

[11] Climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystem.

ABB's implementation of the EU Taxonomy

Following the ABB Way and our decentralized operating model, we adopted a decentralized approach to EU Taxonomy reporting in close cooperation with our business areas and divisions. The Sustainability Reporting Steering Committee and the FACC oversee our compliance with EU Taxonomy reporting obligations and are kept informed on an ongoing basis.

ELIGIBILITY ASSESSMENT

There were no changes to our eligibility assessment process compared to last year. To determine the eligibility of our revenues[12], we re-examined our global product offering in relation to the economic activities outlined by the EU Taxonomy Delegated Acts. Our revenues were mapped following the ABB product tree by business area, division, product group, product line and industry usage. Most of our eligible products and services fall under the category of "enabling activities", which refers to economic activities that "directly enable other activities to make a substantial contribution" to one of the environmental objectives, as per Article 16 of the EU Taxonomy Regulation. Business activities, products and solutions that do not fit into the descriptions of the EU Taxonomy Delegated Acts are classified as "non-eligible" and are therefore not included in the scope of the EU Taxonomy reporting. We guided our analysis by the descriptions of the activities, the relevant Nomenclature of Economic Activities (NACE) codes and, if necessary, the substantial contribution criteria. All ABB divisions assessed their offerings at the appropriate level of granularity to be able to determine eligibility.

Our revenue-generating activities are eligible under the objectives of "Climate Change Mitigation" (CCM) and "Transition to a Circular Economy" (CE). The most significant turnover-generating activity for ABB is CCM 3.20 "Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution".

Our eligible CapEx and OpEx were identified centrally or at the division and project levels, where necessary. More details on CapEx and OpEx assessment methodology are included in the KPI section.

For both CapEx and OpEx, CCM 3.20 is the largest eligible activity due to the applied revenue allocation key.

In line with the new Omnibus Delegated Act, ABB applied a de minimis threshold of 10 percent to its turnover EU Taxonomy activities.

The following EU Taxonomy activities were therefore in focus of the turnover eligibility and alignment assessment, as material to us:

- **CCM 3.20** Manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution;
- **CE 1.2** Manufacture of electrical and electronic equipment;
- **CCM 3.6** Manufacture of other low-carbon technologies;
- **CCM 4.9** Transmission and distribution of electricity; and
- **CCM 7.6** Installation, maintenance and repair of renewable energy technologies.

For CapEx and OpEx, materiality thresholds were applied indirectly through the revenue-based allocation key, where applicable. For individual measures (CapEx C), no materiality threshold was applied at the level of eligible EU Taxonomy activities.

[12] The terms turnover and revenue are used interchangeably throughout the EU Taxonomy disclosures.

ALIGNMENT ASSESSMENT

SUBSTANTIAL CONTRIBUTION

The first step of the alignment assessment was to analyze whether the material activities fulfill the substantial contribution criteria laid down in the respective Delegated Acts.

The criteria for substantial contribution vary significantly across different activities. For the activities most relevant to ABB, it can be summarized as follows:

- **CCM Activity 3.20** (turnover): The substantial contribution requirements related to the inclusion of specific types of equipment were considered already during our eligibility screening; we assessed applicable energy efficiency classes, and we excluded revenues from products used in fossil fuel industries, as well as switchgear containing SF_6.
- **CE Activity 1.2** (turnover): It was not possible to demonstrate full conformity with the comprehensive substantial contribution criteria this year, resulting in no aligned products under this activity.
- **CCM Activity 3.6** (turnover): Due to the limited availability of Life Cycle Assessments (LCAs) and difficulties in operationalizing the concept of “best performing alternative”, the criteria were not fully met.
- **CCM Activity 4.9** (turnover): Specific ABB products for strengthening and balancing the grid correspond to the equipment outlined in the substantial contribution.
- **CCM Activity 7.6** (turnover and CapEx): ABB offering and investments were classified into the specified types of renewable energy technologies.
- **CCM Activity 7.7** (CapEx): Substantial contribution criteria are challenging due to limited availability of data related to energy performance certificate of the buildings.

DO NO SIGNIFICANT HARM (DNSH)

Activities identified as significantly contributing to an environmental objective were subsequently evaluated for compliance with the DNSH criteria. This assessment was conducted at the product, site and company levels, depending on the criteria:

- For DNSH to **Climate Change Adaptation** (Appendix A), we evaluated physical climate risks and, where needed, possible adaptation measures for our manufacturing sites.
- For DNSH to **Sustainable Use and Protection of Water and Marine Resources** (Appendix B), we assessed the water impacts from the perspective of water quality preservation and water stress avoidance. If water risks are identified, sites are required to take appropriate mitigation measures in line with ABB’s environmental policies. In addition, many of our sites are certified according to ISO 14001 environmental management systems and ISO 9001 quality management systems.
- For DNSH to **Transition to a Circular Economy**, we leveraged our company-wide Circularity Approach and policies on sustainable materials, circular design principles and “zero waste to landfill” targets.
- For DNSH to **Pollution Prevention and Control** (Appendix C), we leveraged our comprehensive company-wide material compliance systems and processes which are in place at ABB in order to meet applicable sectoral regulatory requirements. Although the Omnibus Delegated Act simplified the DNSH criteria, these remain complex and differ from the relevant sectoral legislation, especially with regard to data availability on suitable alternatives to Substances of Very High Concern, which continues to be the primary reason of non-alignment for ABB.
- For DNSH to **Protection and Restoration of Biodiversity and Ecosystems** (Appendix D), a dedicated assessment was conducted for all EU and non-EU sites in scope. Sites in or near biodiversity-sensitive areas were further analyzed for their potential impacts on those areas.
- For DNSH to **Climate Change Mitigation**, direct GHG emissions from on-site generation of heat/cool or co-generation including power were evaluated at the site level, utilizing ABB’s Scope 1 reporting.

MINIMUM SAFEGUARDS

The Minimum Safeguards are based on Article 18 of the EU Taxonomy Regulation and require compliance with principles laid down by the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (2023 OECD Guidelines), the UN Guiding Principles on Business and Human Rights (UNGPs), the eight fundamental conventions of the International Labour Organization (ILO) on Fundamental Principles and Rights at Work, and the International Bill of Human Rights.

In 2025, we refreshed our assessment to confirm compliance with the Minimum Safeguards. Overall, our assessment covers ten areas: 1) human rights policies, 2) human rights due diligence & risk assessment, 3) addressing human rights impacts, 4) human rights communication, 5) grievance mechanisms, 6) consumer interests, 7) anti-corruption, 8) competition, 9) taxation and 10) science, technology and innovation.

For further information, please refer to the relevant chapters on “Sustainability at ABB” and “Social information” of this Sustainability Statement.

EU Taxonomy KPI calculation

ABB FINANCIAL AND NON-FINANCIAL REPORTING

ABB prepares its consolidated financial statements in accordance with United States Generally Accepted Accounting Principles (US GAAP), while the EU Taxonomy Regulation references KPI disclosures in accordance with International Financial Reporting Standards (IFRS). The two standards are largely converged; however, research & development (R&D) costs are expensed as incurred under US GAAP and reported as part of the OpEx KPI. Most other differences in revenue recognition, tangible and intangible assets, and leases are minor, with no significant impact on data comparability.

Calculations were made by considering the contribution of our business activities under one economic activity, without double counting.

The Taxonomy KPIs were calculated using data for the financial year ended December 31, 2025. In the Financial Report 2025, the results of operations for the Robotics division have been presented as discontinued operations for all periods presented. Accordingly, to maintain consistency with the financial reporting, the Robotics division was also excluded from the Taxonomy KPIs.

TURNOVER KPI

The proportion of Taxonomy-eligible and/or -aligned turnover has been calculated as the part of net turnover derived from products and services associated with Taxonomy-eligible and/or -aligned economic activities (numerator) divided by net turnover (denominator) for the financial year ended December 31, 2025.

The denominator is the Group’s net turnover as presented in the Financial Report 2025 in the Consolidated Income Statements under the line item “Total revenues,” in accordance with U.S. GAAP. Accordingly, the discontinued operations of ABB’s Robotics division are excluded from the denominator.

For the year ended December 31, 2025, 39 percent of ABB's revenues are Taxonomy-eligible under the objective of Climate Change Mitigation (CCM) and 6 percent under the objective of Transition to Circular Economy (CE). The aligned revenue is reported only under CCM, and despite the targeted simplification of the DNSH pollution criteria, it remains at 1 percent. The turnover considered non-material accounts for 8 percent. This non-material turnover is associated with the NACE codes C26 "Manufacture of computer, electronic and optical products", C27 "Manufacture of electrical equipment", C28 "Manufacture of machinery and equipment not elsewhere classified", and J62 "Computer programming, consultancy and related activities".

In comparison, in 2024, 54 percent of our revenues were Taxonomy-eligible, and 0 percent of our revenues were Taxonomy-aligned. However, due to the regulatory changes introduced by the Omnibus Delegated Act, results from this year and previous years are not entirely comparable, since some activities that we reported last year were not included in this year's reporting due to the applied materiality thresholds.

Against this background, most of our Taxonomy-eligible turnover is reported under:

- **CCM 3.20** Manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution;
- **CE 1.2** Manufacture of electrical and electronic equipment; and
- **CCM 3.6** Manufacture of other low-carbon technologies.

Aligned turnover is reported under the following activities:

- **CCM 3.20** Manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution;
- **CCM 4.9** Transmission and distribution of electricity; and
- **CCM 7.6** Installation, maintenance and repair of renewable energy technologies.

The details of the turnover KPI and breakdowns are provided on p. 141 of the Sustainability Statement.

CAPEX KPI

The CapEx KPI is defined as Taxonomy-eligible and/or -aligned CapEx (numerator) divided by total CapEx (denominator) for the financial year ended December 31, 2025. According to the EU Taxonomy definition, ABB's total CapEx includes:

- Total additions to tangible and intangible assets before depreciation, amortization, revaluations and impairments, which are included in the Capital expenditures as presented in Note 23 "Operating segment and geographic data" of Consolidated Financial Statements included in the Financial Report 2025.
- Leases (finance and operating), where corresponding values are derived from our internal reporting systems but are not directly reconcilable with the figures presented in Note 16 "Leases" of Consolidated Financial Statements included in the Financial Report 2025, that only discloses the additional operating lease for the reporting period and does not include finance lease as they are deemed immaterial for disclosure.
- Assets acquired as part of business combinations, where corresponding values are derived from our internal reporting systems but are not directly reconcilable with the figures presented in the consolidated Financial Report 2025.

In the numerator, Taxonomy-eligible or -aligned CapEx includes CapEx related to assets or processes associated with eligible or aligned EU Taxonomy activities, and CapEx related to the purchase of output for eligible or aligned activities and individual measures. ABB did not consider "CapEx plans" in 2025.

The CapEx numerator calculation was performed in two steps:

1. Eligible real estate initiatives and large investments were analyzed on a case-by-case basis and directly mapped to the relevant EU Taxonomy activities by our business areas and divisions (CapEx C). Aligned CapEx is calculated based on a dedicated alignment assessment for those investments, conducted by ABB's global real estate function, and is primarily related to individual measures (e.g., CCM 7.6 "Installation, maintenance and repair of renewable energy technologies").

2. All remaining CapEx additions were allocated per division based on a revenue allocation key that reflects the share of eligible and aligned revenue-generating EU Taxonomy activities (CapEx A).

For the year ended December 31, 2025, 34 percent of our CapEx are eligible under the objective of Climate Change Mitigation (CCM) and 3 percent are eligible under the objective of Circular Economy (CE). The aligned CapEx is reported only under CCM and accounts for 1 percent.

In comparison, in 2024, 44 percent of our CapEx were eligible, and 1 percent of our CapEx were aligned. However, due to the regulatory changes introduced by the Omnibus Delegated Act, CapEx results from this year and previous years are not entirely comparable, as this year materiality thresholds were indirectly applied to CapEx A through the revenue allocation key.

Against this background, most of our Taxonomy-eligible CapEx is reported under:
- **CCM 3.20** Manufacture, installation and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution;
- **CCM 7.7** Acquisition and ownership of buildings; and
- **CE 1.2** Manufacture of electrical and electronic equipment.

Aligned CapEx is primarily related to individual measures and purchase of output from EU Taxonomy activities, with most of our aligned CapEx being reported under:
- **CCM 7.7** Acquisition and ownership of buildings; and
- **CCM 7.6** Installation, maintenance and repair of renewable energy technologies.

As in the previous year, CCM 7.7 "Acquisition and ownership of buildings" accounts for the biggest portion of CapEx eligibility in ABB's real estate portfolio. The difference between Taxonomy-eligible and -aligned CapEx is primarily due to challenges in applying EU Energy Performance of Buildings Directive to our global real estate portfolio outside of the EU and energy certificates not meeting the substantial contribution criteria for energy efficiency of buildings.

The details of the CapEx KPI and breakdowns are provided on p. 142 of the Sustainability Statement.

OPEX KPI

The OpEx KPI is defined as Taxonomy-eligible and/or -aligned OpEx (numerator) divided by total OpEx (denominator) for the financial year ended December 31, 2025. According to the EU Taxonomy definition, the total OpEx used for the denominator consists of direct non-capitalized costs related to R&D, short-term leases (less than one year), repairs and maintenance, building renovation measures, and any other direct expenditures associated with the day-to-day servicing of assets including property, plant and equipment.

Following EU Taxonomy definition of OpEx and our accounting policy, our total OpEx includes:
- R&D costs, derived from the line item "Non-Order related research and development expenses" in the Consolidated Income Statements of the Financial Report 2025; and

- "Other OpEx", where corresponding values are derived from our internal reporting systems but are not directly reconcilable with the figures presented in the Consolidated Income Statements. Expenses related to building renovation projects would be capitalized under US GAAP and, therefore, are out of scope of the OpEx KPI.

The OpEx numerator calculation was performed in two steps:

1. R&D expenses, which are specifically attributable to developing SF_6-free alternatives and are particularly relevant for achieving alignment under the activity CCM 3.20, are allocated to the activity CCM 3.20.

2. For the rest of the R&D expenses and other OpEx, the revenue allocation key is applied.

For the year ended December 31, 2025, 36 percent of OpEx are eligible under the objective of Climate Change Mitigation (CCM) and 6 percent under the objective of Circular Economy (CE). Mirroring the turnover results through the applied revenue allocation key, less than 0.5 percent, being rounded to 0 percent, of OpEx are aligned.

In comparison, in 2024, 51 percent of our OpEx were Taxonomy-eligible and 0 percent were Taxonomy-aligned. However, due to the regulatory changes introduced by the Omnibus Delegated Act, OpEx results from this year, and previous years are not entirely comparable, as this year materiality thresholds were indirectly applied to OpEx KPIs through the revenue allocation key.

Mirroring the turnover eligibility results, most of our Taxonomy-eligible OpEx is reported under:

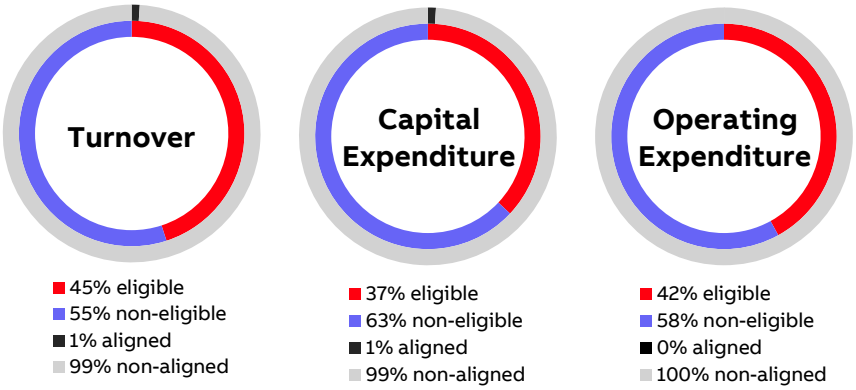
- **CCM 3.20** Manufacture, installation and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution;
- **CE 1.2** Manufacture of electrical and electronic equipment; and
- **CCM 3.6** Manufacture of other low-carbon technologies.

Mirroring the turnover alignment results, Taxonomy-aligned OpEx is reported under the following activities:

- **CCM 3.20** Manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution;
- **CCM 4.9** Transmission and distribution of electricity; and
- **CCM 7.6** Installation, maintenance and repair of renewable energy technologies.

The details of the OpEx KPI and breakdowns are provided on p. 143 of the Sustainability Statement.

2025 ABB ASSESSMENT RESULTS UNDER THE EU TAXONOMY: TURNOVER, CAPEX, OPEX KPIs





02

SOCIAL INFORMATION

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RESPONSIBILITY FOR OUR EMPLOYEES

Identification of material IROs

[S1 SBM-3] MATERIAL IROs AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

[S1 SBM-3 14] All people in ABB's own workforce as well as workers in the upstream and downstream value chain, who could be materially impacted by our own operations and those of the value chain are included in our disclosures according to ESRS. In this specific chapter on ESRS S1, the following disclosures relate to our own workforce only. Employees of our suppliers are covered in chapter S2, "Workers in the value chain".

[S1 SBM-3 14 (a)] ABB's own workforce includes administrative and management functions as well as industry workers in the diverse business areas and divisions that collectively make up ABB. Our "own employees" comprise regular employees (including apprentices, interns and trainees) with fixed and temporary contracts, full-time and part-time. "Non-employees" refers to all persons contracted from third party (e.g., external personnel, labor agencies or other third-party bodies). They work under the supervision of ABB but are not on the payroll as they are not directly hired by ABB.

[S1 SBM-3 14 (c)] Our own employees are positively impacted through factors such as competitive and performance-related remuneration, a range of social benefits, as well as our prioritization of health and safety, the championing of diversity and inclusion, and opportunities for professional and personal development.

[S1 SBM-3 14 (b)] Potentially negative impacts on our own workforce include health and safety risks (related to individual incidents) and gender inequality at leadership levels. Policies, such as the ABB Way (with specific policies for the protection of the environment and of health and safety), the ABB Code of Conduct, and the D&I Policy are intended to actively prevent any such negative impacts.

[S1 SBM-3 14 (d)] For material risks or opportunities arising from such impacts or from dependencies on our workforce, please see the table of IROs in the chapter "Sustainability at ABB", section IRO-1.

[S1 SBM-3 14 (e)] ABB did not identify any material workforce impacts from its environmental transition plans.

[S1 SBM-3 14 (f) i, 14 (f) ii] No operations were assessed as being at significant risk of forced or compulsory labor.

[S1 SBM-3 15] As represented in the IRO table in the Double Materiality Assessment section, through internal outreach and workshops, we identified that women in roles related to STEM areas (science, technology, engineering, mathematics) may be at greater risk of underrepresentation due to systemic factors.

[S1 SBM-3 16] No other specific groups within our workforce were identified as being disproportionately affected by material risks or opportunities.

Employee-related policies

[S1-1] POLICIES

[S1-1 19] All sustainability-related policies of ABB are described in a dedicated Policies section at the end of the chapter “Sustainability at ABB”.

HUMAN RIGHTS-RELATED INFORMATION IN ABB POLICIES

[S1-1 20, 20 (a), 20 (b), 20 (c)] For human rights policy commitments including engaging with own workforce, labor rights of value chain workers and the provision of remedy for human rights impacts, see the policy descriptions at the end of the chapter “Sustainability at ABB”, in particular, the ABB Code of Conduct, the Human Rights Policy and the Human Rights Due Diligence Framework. Information about remedy are included in section S1-3 (Processes to remediate negative impacts and channels available to raise concerns).

[S1-1 21] The Human Rights Policy is aligned with internationally recognized standards, including the UN Guiding Principles on Business and Human Rights.

[S1-1 23] For the workplace accident prevention policy and management system in place, see our Health, Safety, Environment (HSE) & Security Policy and HSE&S management system descriptions in the dedicated Policies section at the end of the chapter “Sustainability at ABB”.

[S1-1 24 (a), 24 (b),24 (c), 24 (d)] The ABB Code of Conduct frames our approach on discrimination, including preventing harassment, promoting equal opportunities and other ways to advance diversity and inclusion. Discrimination based on personal characteristics or attributes is unacceptable. Examples include, but are not limited to, behavior that harasses or intimidates people with a disability and/or on the basis of any other characteristic protected by law. We implement our anti-discrimination approach and the D&I Policy through dedicated procedures, training and anonymous reporting channels, as well as global campaigns and employee resource groups to proactively advance diversity and inclusion.

Involving employees

[S1-2] EMPLOYEE INVOLVEMENT IN DECISION-MAKING PROCESSES

[S1-2 27, 27 (a)] As outlined in our approach to stakeholder engagement (see chapter “Sustainability at ABB”, section “Stakeholder engagement”), ABB maintains regular, structured and transparent dialogue with all key stakeholder groups, including employees. Within this framework, we consider employee involvement essential to building a culture of trust, inclusion and accountability.

ABB regularly engages with employees and their representatives to ensure workforce perspectives inform business decisions and operational changes. This is key to managing workforce impacts and enhancing organizational resilience. Engagement occurs through direct mechanisms such as the annual Employee Engagement Survey and through formal consultation structures.

[S1-2 27 (c)] Responsibility for ensuring meaningful engagement with employee representatives lies with our Labor Relations function, in collaboration with HR and business leaders.

[S1-2 27 (d)] ABB maintains structured and ongoing engagement on transnational topics with employee representatives through the Employee Council Europe (ECE). This body serves as our main platform for social dialogue across multiple countries in Europe, particularly in the context of planned transnational changes. Engagement typically occurs early in the decision-making process and includes confidential consultations, written exchanges and joint meetings, ensuring that workforce perspectives are considered before initiating labor processes on a national level.

Our voluntary agreement with the ECE enables consistent and transparent discussions on matters such as restructurings, M&A activities, organizational changes and respect for labor rights. Responsibility for these engagements lies with the Corporate Labor Relations team, supported by global HR and global business leaders as needed. The effectiveness of our dialogue is assessed through open dialogues and bi-directional feedback, quality of consultation outcomes and monitoring of agreed follow-up actions – helping us continuously strengthen trust, inclusion and compliance across the organization.

ABB EMPLOYEE ENGAGEMENT SURVEY

[S1-2 27 (b)] The ABB Employee Engagement Survey is conducted globally on an annual basis. We cooperate with local works councils and union representatives to ensure that the survey meets local consultation requirements. It is available in approximately 40 languages and participation is entirely voluntary and confidential.

The survey invites active employees, excluding externals, students, interns, casuals and employees on extended leave. Exclusions align with local labor laws or HR leadership approvals. E-mobility employees are excluded due to separate governance and a tailored listening strategy under development.

Listening to feedback from our employees mitigates the risk of failing to address critical topics at the team and business levels. We share the global survey results with employees, summarizing our overall participation rate and engagement score, as well as the most notable strengths and areas for improvement. Our business areas, divisions, country organizations and functional teams are encouraged to discuss the feedback and take action. Failure to deal with critical topics could lead to less engaged and motivated employees, as well as avoidable attrition. Over the past seven years, the participation rate for the survey has steadily improved, from a response rate of 65 percent in 2019 to 85 percent in 2025. Compared to 2024, it remained stable.

[S1-2 27 (e)] To evaluate our overall progress, we track our performance against the top 25 percent of global organizations using the same engagement platform. This aligns with our Sustainability Agenda target “Achieve a top-tier employee engagement score”. This engagement score has improved from 71 in 2019 to 80 in 2025. Compared to 2024, it increased by two points. The engagement score is the key survey metric that we track from year to year. In essence, it reflects the answers given by our employees to two core items: “How happy are you working at ABB?” and “I would recommend ABB as a great place to work”.

In 2025, all topics except one improved compared to the previous year. No scores declined. One score remained the same and another was newly added with no trend. “Safety”, “integrity” and “role clarity” remained the top-rated areas. Despite improvements since 2019 in removing barriers to execution, opportunities for further improvement remain.

DIVERSITY AND INCLUSION: INVOLVING VULNERABLE GROUPS

[S1-2 28] D&I at ABB involves developing and supporting workforce diversity across all dimensions. We seek to cultivate an inclusive environment that welcomes and respects every individual.

We have guidelines to promote D&I across ABB, such as our policies, people strategy and values. The Code of Conduct additionally sets forth how we expect employees to act in matters of inclusion, respect and fairness.

Among our commitments to inclusion, we have re-committed to the UN Women’s Empowerment Principles and the European Roundtable and supported the “Standards of Conduct for Business” as set forth by the United Nations.

Channels available to raise concerns

[S1-3] PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS AVAILABLE TO RAISE CONCERNS

[S1-3 32 (a), 32 (b), 32 (c), 32 (d), 32 (e) | S1-3 33 | S1-3 34] Information on reporting channels available to our own workforce is included in the chapter "Good business conduct", section G1-1, "Whistleblowing and reporting channels".

Own workforce-related targets

[S1-5] TARGETS

[S1-5 47 (a), 47 (b)] The process for setting targets and ambitions for our employees (own workforce) and our tracking of performance is included in the chapter "Sustainability at ABB", section "Stakeholder engagement" (SBM-2). [S1-5 47 (c)] Identifying areas for improvement is part of this process. It occurs on an ongoing basis and is reported annually.

[S1-5 46] The following table summarizes ABB's key targets and the indicators applied to measure and track progress over time.

	Target	Unit	Base year	Baseline value	2025 status	2024 status
[S1] Responsibility for our employees						
	Zero life-changing events to our people and contractors	-	2025	—	5	14
	Increase proportion of women in senior management[1] roles to 25% by 2030[2]	%	2019	11.7%	22.6%	21.3%
	Achieve a top-tier[3] employee engagement score	-	2019	71/100	80/100	78/100

1 At ABB, senior managers are defined as employees in Hay grades 1-7, including division presidents.

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

3 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.

ZERO LIFE-CHANGING EVENTS IMPACTING OUR EMPLOYEES AND CONTRACTORS

[S1 MDR-T 80 (a)] The targets relating to our own workforce are linked to the objectives of different policies. A low number of serious incidents and fatalities can indicate an effective HSE&S management system. A positive downward trend implies that the principles and rules outlined in the HSE&S Policy and corresponding procedures are applied effectively and that critical risks are identified and mitigated successfully. [S1 MDR-T 80 (c), 80 (f)] Furthermore, the policy applies Group wide, and its definition of employee safety is in line with the UN Global Compact. [S1 MDR-T 80 (i)] In 2025, we evolved our safety target from "Zero harm" to "Zero life-changing events," focusing on preventing serious incidents and fatalities. This shift aligns with global best practices and strengthens our commitment to proactive learning, resilience and protecting what matters most – our people. [S1 MDR-T 80 (j)] The monitoring and review process depends on the target. Our HSE target is monitored and reviewed monthly.

INCREASE PROPORTION OF WOMEN IN SENIOR MANAGEMENT ROLES

[S1 MDR-T 80 (a)] Our target to increase the proportion of women in senior management roles supports the principles outlined in our Code of Conduct and our D&I Policy. [S1 MDR-T 80 (c)] The target relates to countries where legally permitted and to the extent that it does not conflict with any applicable local laws where ABB operates. [S1 MDR-T 80 (f)] It is guided by ongoing global benchmarking and internal tracking of female representation and is aligned with international standards such as the UN Women's Empowerment Principles. [S1 MDR-T 80 (i)] There were no changes in the target in the reporting year. [S1 MDR-T 80 (j)] We review progress quarterly, and ABB continues to perform in line with expectations. If the current positive trend continues, we are on track to reach 25 percent women in senior management by 2030, supported by continued focus on inclusive recruitment, leadership development for women and strong accountability mechanisms within our D&I Strategy 2030.

ACHIEVE A TOP-TIER EMPLOYEE ENGAGEMENT SCORE

[S1 MDR-T 80 (a)] Our top-tier employee engagement score target supports the objectives of our Code of Conduct and our Engagement Survey Procedure. [S1 MDR-T 80 (c), 80 (f)] This is a global target, benchmarked annually through a globally standardized engagement survey administered by our third-party provider, Glint. [S1 MDR-T 80 (i)] No changes were made to the target in the reporting year. ABB's employee engagement target is defined as a rolling target, with the ambition to be in the top tier every year through 2030. As the Glint top-tier threshold changes annually, meeting the target in one year does not guarantee that it will be achieved in subsequent years.

[S1 MDR-T 80 (j)] ABB's management reviews the employee engagement target in an annual process. In 2025, ABB reached its employee engagement target, achieving a score of 80 and placing the company within the "top tier" 25 percent of global organizations using the same engagement platform. This upward trajectory suggests that our workforce is increasingly aligned, engaged and empowered to contribute to the company's purpose and transformation journey.

Employee-related actions

[S1-4] TAKING ACTION FOR OUR OWN WORKFORCE

[S1-4 39] ABB identifies relevant actions in response to actual or potential impacts on our workforce following best practices.

DIVERSITY & INCLUSION ACTIONS

[S1-4 37 | S1-4 38 (a), 38 (b), 38 (c), 38 (d) | S1-4 40 (a), 40 (b)] ABB has implemented a Diversity & Inclusion Strategy 2030, structured across three pillars: Governance, Inclusive Leadership and Culture, and Partnership. These address material matters including gender equality, LGBTQ+ inclusion, intergenerational workforce management, disability inclusion, and employee wellbeing.

To support the implementation of this strategy, we took actions that, for example, operationalize measures for globally applicable, gender-neutral parental leave, ensuring equitable treatment. We also supported Employee Resource Groups (ERGs) that provide structured forums for dialogue, networking, and participation in inclusion initiatives. We continued our formal partnerships with UN Women Empowerment Principles, UN Standards of Conduct for LGBTQ+ inclusion, Society of Women Engineers, Special Olympics, and Workplace Pride. In 2025, we also launched new inclusion training.

To track the effectiveness of these actions, we monitor them in comparison with inclusion and belonging indices in the annual Employee Engagement Survey, the growth of ERGs, the diversity representation in talent and leadership pipelines, and the global participation rates in inclusion activities.

ABB has established a target of 25 percent female representation in senior management by 2030. As of December 31, 2025, female senior managers constituted 22.6 percent, an increase from 21.3 percent in 2024.

WELLBEING ACTIONS

[S1-4 37 | S1-4 38 (a), 38 (b), 38 (c), 38 (d) | S1-4 40 (a), 40 (b)] ABB delivers global and local initiatives to support employee wellbeing, addressing both urgent risks and long-term work-life balance.

Our well-established global Employee Assistance Program (EAP) offers a wide range of programs for employees, including a Rapid Response Critical Incident service that addresses urgent negative impacts and risks related to employee wellbeing. The service supports our employees affected by incidents such as natural disasters, accidents at work or the death of a colleague. It helps us track utilization rates on an anonymized basis to rapidly identify areas where early intervention measures would help.

The Global Parental Leave Program supports our commitment to equal treatment and work-life balance. This action sets a global minimum standard of 12 weeks of paid leave for the primary caregiver and four weeks for the secondary caregiver, applicable to all employees regardless of gender or location (except the US and Sweden where the periods differ). The program supports inclusive caregiving responsibilities and contributes to gender equality in career development across the organization. The tracking mechanism to measure the success of this program is under development.

We also run global wellbeing campaigns like the World Mental Health Day. These global programs are complemented by other actions conducted on a local basis. For example, in the US, we provide Health Advocacy and Family Building support, including mental health resources, while in China, employees benefit from health check-ups and doctor consultations.

In 2025, we continued to provide our global wellbeing application for line managers. The tool supports managers in strengthening individual and team resilience while promoting a mentally healthy and inclusive work environment.

PEOPLE DEVELOPMENT AND ENGAGEMENT ACTIONS

[S1-4 37 | S1-4 38 (a), 38 (b), 38 (c), 38 (d) | S1-4 40 (a), 40 (b)] ABB fosters a culture where employees can reflect on growth objectives and access the support they need to succeed, strengthening employability and readiness for future challenges.

We have created leadership courses that address specific challenges in our organization. Additional leadership learning resources are available to our employees through the Harvard ManageMentor and Harvard ManageMentor Spark platforms. Coaching and mentoring are embedded in development programs for key talent groups. Training opportunities are also provided by our businesses to their respective employee populations.

In 2025, our Learn Connect and Grow Day engaged over 45,000 participants across over 300 locations in more than 50 countries, highlighting the company's commitment to inclusive learning.

The people performance management process is intended to ensure that all employees have clear performance expectations and regular opportunities to reflect on results, behaviors and development. The process includes mandatory annual reviews for every employee, mandatory annual goal setting, and regular updates to goals as business needs evolve. In addition, global campaigns encourage managers and employees to hold check-ins, performance reviews, exchange feedback and update objectives throughout the year.

The implementation of this action is monitored through employee-related indicators such as completion of annual reviews, goal setting and feedback practices documented in Workday.

REGULATORY REQUIREMENTS ON PAY EQUITY AND TRANSPARENCY

[S1-4 37 | S1-4 38 (a), 38 (b), 38 (c), 38 (d) | S1-4 40 (a), S1-4 40 (b)] In 2025, ABB initiated a global baseline assessment of wage structures and employment practices across all regions. Changes to existing regulations and/or issuance of new regulations are periodically monitored. This action supports our ongoing efforts to ensure fair, transparent and competitive compensation for all employees. The initiative helps identify gaps, promote internal equity and prepare for increasing regulatory requirements, such as those under the EU Pay Transparency Directive. Findings from the baseline will guide further improvement actions and support alignment with our sustainability and inclusion objectives.

HEALTH AND SAFETY-RELATED ACTIONS

[S1-4 37 | S1-4 38 (a), 38 (b), 38 (c), 38 (d) | S1-4 40 (a), 40 (b)] The divisions of our business areas undergo self-assessment cycles of one, three or five years under the HSE&S management system and submit their results to HSE audit. Independent HSE auditors are responsible for identifying areas for improvement. We also track the effectiveness of our health- and safety-related actions. Our management information system allows us to gather data on hazards and incidents and assign actions to managers.

Each division is encouraged to develop safety programs that are appropriate for their operations. We coordinate preparations and responses to emergency situations, conduct internal safety inspections and obtain third-party verifications for our health, safety and wellbeing reporting. We have well-defined procedures to investigate work-related injuries and incidents and act promptly to mitigate negative impacts. We continuously strive to further reduce health and safety hazards.

PREVENTING NEGATIVE IMPACTS

[S1-4 41] ABB has a number of policies and management systems in place that aim to prevent negative impacts from occurring. These include the Code of Conduct; the HSE&S management; the Information & Cyber Security management; etc. Employees are trained in these policies in order to raise awareness of these topics and their potential negative impacts.

[S1-4 43] In our current understanding, none of the actions above are financially significant.

ACTIONS OVERVIEW (S1)

[S1 MDR-A 68 (a), 68 (b), 68 (c)]

We are already executing all activities mentioned below.

List of key actions	IROs covered	Scope	Time horizon
Diversity Celebration Days	S1-PI-01, S1-R-03	Worldwide	Ongoing
Employee Resource Groups (ERGs)	S1-PI-01, S1-NI-01, S1-R-03	Worldwide	Ongoing
Parental Leave Program	S1-PI-01, S1-PI-02, S1-NI-01, S1-R-05	Worldwide	Ongoing
Performance Review Process	S1-PI-01	Worldwide	Ongoing
Employee Assistance Program (EAP)	S1-PI-02, S1-R-05, S1-R-03	Worldwide	Ongoing
Local Health-Related Initiatives	S1-PI-02	Region-specific	Ongoing
Training Programs for Employees	S1-PI-01, S1-R-05	Worldwide	Ongoing
Engagement Survey and Follow-Up Action Planning	S1-O-01	Worldwide	Ongoing
Global Baseline of Pay Transparency	S1-PI-02, S1-R-04	Worldwide	2025
HSE Continuous Improvement Program	S1-NI-02, S1-R-01	Worldwide	Ongoing

Facts & figures
Own employees

All figures disclosed in this section are as of December 31, 2025, unless otherwise stated.

[S1-6] CHARACTERISTICS OF ABB'S EMPLOYEES

[ESRS 2 SBM-1 40 (a) iii | S1-6 50 (e), 50 (f)] The tables below present the breakdown of employees by gender and region as well as type of employment contract per headcount.

Headcount by region

[S1-6 50 (a) | S1 MDR-M 77 (c)]

Region	2025	2024
Europe	53,407	53,597
The Americas	28,055	27,210
Asia, Middle East and Africa	32,830	31,962
Total	**114,292**	**112,769**
Average	**113,438**	**112,280**

Due to rounding, numbers presented may not add to the totals provided.

Characteristics of ABB employees

[S1-6 50 (a), 50 (b) | S1 MDR-M 77 (c)]

	Permanent employees 2025	Temporary employees 2025	Non-guaranteed hours employees 2025	2025	2024
Male	77,126	3,878	364	81,368	81,407
Female	30,122	1,521	163	31,806	31,361
Other	21	12	-	33	-
Not reported	1,019	66	-	1,085	1
Total employees	**108,288**	**5,477**	**527**	**114,292**	**112,769**

Due to rounding, numbers presented may not add to the totals provided.

Temporary contracts are most commonly used for project-based roles and/or seasonal demand, depending on local practice.

[S1-6 50 (c) | S1 MDR-M 77 (c)]

Turnover rate	2025	2024
Total number of employees who left during the reporting period	16,483	15,538
Rate of employee turnover during the reporting period	15%	14%

Countries where ABB has at least 50 employees representing at least 10 percent of the total number of employees

[S1-6 50 (a) | S1 MDR-M 77 (c)]

Country	Number of employees at December 31, 2025 (headcount)	Number of employees at December 31, 2024 (headcount)	Average number of employees 2025	Average number of employees 2024
United States	14,907	14,127	14,550	13,837
China	12,737	12,523	12,887	12,549
India	11,422	10,844	11,104	10,478

[S1-8] COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

[S1-8 60 (a)] 52 percent of our employees worldwide are covered by collective bargaining agreements (CBAs), either by collective labor agreements at the industry level (generally with unions) or at the company or location level (generally with employee representative bodies such as works councils or unions).

[S1-8 60 (b) | S1-8 63 (b)] Through the European Works Council (EWC) agreement, employees are represented in discussions on transnational matters concerning the European Economic Area (EEA), the United Kingdom and Switzerland.

For employees not covered by CBAs, there are different scenarios regarding the determination of working conditions. In many countries where not all employees are represented by the CBA, among other factors, the conditions in the CBA that go beyond local labor market practices, are considered in determining working conditions and terms. Regardless of the application of a CBA, we generally aim to offer working conditions that meet or exceed the typical standards in the respective local employment markets.

[S1-8 60 (c) | S1-6 AR 70 | S1 MDR-M 77 (c)]

Coverage rate	Coverage – Non-EEA employees 2025 (estimate for regions with > 50 employees, representing >10% of total employees)
0-19%	
20-39%	AMEA, Americas
40-59%	
60-79%	
80-100%	

The metrics are calculated as of September 30, 2025 and are based on headcount.

[S1-8 63 (a)] ABB does not have any individual EEA country where the number of employees exceeds 50 and represents at least 10 percent of our total global workforce. Therefore, country-level disclosure of social dialogue and collective bargaining coverage within the EEA is not applicable.

[S1-9] DIVERSITY METRICS

Gender diversity

[S1-9 66 (a) | S1 MDR-M 77 (c)]

	Number At December 31,		Percentage At December 31,	
Gender (top management)[1]	**2025**	**2024**	**2025**	**2024**
Male	343	410	77.4%	78.7%
Female	100	111	22.6%	21.3%
Other	—	—	—	—
No Response	—	—	—	—

[1] The 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. 13% of total senior management is not included in the disclosure.

Age distribution across our workforce

[S1-9 66 (b) | S1 MDR-M 77 (c)] ABB recognizes the importance of engaging employees of all generations and values the unique perspectives and expertise that employees of all ages bring to the organization.

	Percentage	
Age (all employees)	**2025**	**2024**
Under 30	18%	20%
30-50	55%	55%
> 50	27%	25%

[S1-10] ADEQUATE WAGES

[S1-10 70 | S1 MDR-M 77 (c)] 99.95 percent of our employees globally are paid an adequate wage, in line with ESRS applicable benchmarks. Employees who are paid below the ESRS applicable adequate wage were identified in the following territories:

Territory	Percentage of employees in territory paid below applicable adequate wage benchmark	Number of employees in territory paid below the applicable adequate wage benchmark
Germany	0.05%	4
United Kingdom	0.14%	2
United States	0.36%	51

ABB plans to review and address pay gaps for all above stated employees over the course of 2026. For above stated employees whose minimum wage is established through a collective bargaining agreement (CBA), we already maintain their pay above the minimum wage established by statutory legislation.

[S1-14] HEALTH AND SAFETY METRICS

[S1-14 88 (a), 88 (b), 88 (c), 88 (d), 88 (e) | S1 MDR-M 77 (c)]

	Employees		Non-employees		Other workers	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
The percentage of people covered by ABB's health and safety management	100%	100%	100%	100%		
Number of fatalities as a result of work-related injuries	—	2	—	—	—	—
Number of work-related accidents[1]	274	321	20	19		
Rate of work-related accidents[1]	1.22	1.46	1.36	1.54		
Number of cases of recordable work-related ill health	7	8	1	—		
Number of days lost to work-related injuries, accidents, ill health[1]	3,740	4,121	224	223		

1 2024 values have been restated to reflect improved data quality.

Zero life-changing events to our people and contractors

	2025	2024
Number of fatalities as a result of work-related injuries	—	2
Number of serious/high-consequence work-related incidents	5	12
Total life-changing events to our people and contractors	**5**	**14**

[S1-16] REMUNERATION METRICS

Gender pay gap

[S1-16 97 (a)] In 2025, ABB's global gender pay gap was 16.30 percent.

Annual total remuneration ratio

[S1-16 97 (b)] For 2025, ABB's annual total remuneration ratio, as defined in S1-16, was 64.5.

[S1-17] INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

[S1-17 103 (a), 103 (b), 103 (c) | S1-17 104 (a), 104 (b) | S1 MDR-M 77 (c)]

Number of reported incidents of discrimination and harassment

	Reported incidents / Amount of fines, penalties and compensation 2025	Reported incidents / Amount of fines, penalties and compensation 2024
Discrimination and harassment incidents[1]	**234**	**515**
Other workplace incidents[1]	**944**	
Complaints filed to National Contact Points for OECD Multinational Enterprises	—	
Fines, penalties and compensation for damages resulting from incidents / complaints	—	
Confirmed severe human rights incidents[2]	—	
Fines, penalties and compensation for damages resulting from confirmed severe human rights incidents	—	

Comparatives not shown unless already reported in the 2024 Sustainability report.

Numbers reported without regard to level of substantiation. In FY24 incidents related to bullying were reported under discrimination and harassment incidents. For FY25, to facilitate more accurate reporting, incidents related to bullying are reported under other workplace incidents.

For FY25 ESRS reporting, S1-17 104a is defined as substantiated incidents of child labor or modern slavery (including human trafficking and forced labor) identified via relevant categories in ABB's case management system and internal guidance.

METHODOLOGY

[S1 MDR-M 77 (a)]

A. EMPLOYEE-RELATED DATA

Headcount

[S1-6 50 (d) i] ABB reports employees by headcount, counting each individual with an employment contract and being on the payroll of an ABB company, regardless of work percentage (e.g., 0.5 FTE counts as one). This approach highlights the human impact in sustainability KPIs but differs from financial reporting, which uses FTE calculations. As a result, employee numbers may vary between the Sustainability Statement and the Financial Report. [S1-6 50 (d) ii] We report our employee headcount per region as headcount at year-end as well as an average across the reporting period.

Gender

[S1-9 AR 71] The gender distribution in percentage of employees at top management level is calculated by dividing the number of female active employees at top management level based on headcount, excluding externals, by the number of active employees (headcount, male and female) at top management level.

Top management

ABB's internal definition of top management includes all employees classified within Hay grades 1 to 7, including division presidents. Division presidents have grades A, B, C. Gender is considered as a person's legal sex rather than gender identity.

Turnover

Turnover rate is calculated as the number of employees (full-time and part-time) who left ABB during the reporting period, divided by the average headcount over the preceding 12 months.

Adequate wages

The adequate wage benchmark applied per territory is primarily determined by the minimum wage established through a CBA or statutory legislation. ABB is committed to ensuring that all employees receive wages that meet or exceed the local regulatory required threshold in the territories where we operate. In territories where no local regulatory minimum wage is defined, the applied adequate wage benchmark represents a living wage, provided by WageIndicator Foundation, in line with the Sustainable Trade Initiative (STI).

For the purpose of the adequate wage analysis, the employee population excludes interns, apprentices, employees on long-term leave who receive social benefits by a third party due to their leave status (e.g., by the state for a maternity leave), and employees for whom reliable information (e.g., data related to wage or work degree) is not available. "Wage" is defined as the sum of the basic wage and any fixed additional payments that are contractually guaranteed to all employees within the respective territory.

Gender pay gap

[S1-16 97 (a)] ABB's gender pay gap is calculated as the difference between the average gross hourly pay of male and female employees, expressed as a percentage of the average gross hourly pay of male employees. This uses the Total Base Pay and Annual Incentive Plan awards of all active employees (excluding interns and apprentices).

[S1-16 97 (c)] While the disclosure provides a high-level indicator of pay differences between genders at ABB, it should be noted that the gender pay gap calculated using this approach is determined on an unadjusted basis as per ESRS S1-16, which does not account for pay differences due to gender-neutral factors including but

not limited to position, seniority, experience, performance, education, geography, etc.

ABB is transitioning from a country-specific Human Resources Information System (HRIS) into a new globally centralized one (Workday). Currently, our global gender pay gap is calculated based on only the reliably available Total Base Pay (or Primary Compensation in countries where it is used in place of Total Base Pay) and Annual Incentive Plan (AIP) award data in Workday. Total Base Pay comprises basic salary, as well as other fixed pay elements that may vary from country to country, such as period salary (e.g., 13th month, vacation premium, etc.) and allowances. The AIP is a form of bonus program at ABB and is payable in cash after each performance period that is aligned to the financial year. In future reporting cycles, we aim to expand our current scope of disclosure by incorporating additional relevant elements of pay, such as other variable compensation, benefits-in-cash and benefits-in-kind into the gender pay gap calculation when these elements also become available from a globally consolidated and auditable source.

Annual total remuneration ratio

[S1-16 97 (c)] This ratio shows the factor by which the annual total remuneration of the median paid employee, adjusted for purchasing power parity, would have to be multiplied to match the annual total remuneration of the highest-paid employee. The highest-paid individual in ABB is the CEO. The median paid employee was identified excluding the highest-paid individual. Employees considered to determine the median paid employee of our global workforce are defined as employees having a direct employment relationship with ABB via an employment contract or otherwise according to local law and practice.

Our analysis comprises full-time and part-time employees if they were actively employed at December 31, 2025. We included trainees, international assignees and temporary employees. Interns and apprentices were excluded, for consistency with the gender pay gap calculation, as their pay structures are substantially different from other employees, and in many jurisdictions ABB is not fully controlling their pay.

We extrapolated the values of remuneration elements of part-time employees and new employees who started during the year to consider full-time and full-year equivalent values in our calculation, where needed.

We identified the median paid employee, considering the Total Base Pay recorded in our global Human Resources information system only and subsequently added values of any other remuneration element of the identified employee. As a result, total remuneration includes Total Base Pay, paid short-term incentive, granted long-term incentive, paid pension benefits and other paid benefits. "Paid" in that context means paid by ABB to the median paid employee and the CEO in the year of reporting.

B. HEALTH AND SAFETY-RELATED DATA

Coverage

All employees have automatic access to the health and safety (HSE&S) management system, which covers 100 percent of employees and non-employees. The HSE&S management system complies entirely with ISO 14001, ISO 45001 and partially with ISO 50001 and ISO 9001 standards.

Fatalities

Fatalities occurring directly as a result of a work-related incident (including injury and illness), including those that occur some time after the incident as a direct result of the injuries sustained or occupational diseases, are reported in our Management Information System. Excluded are fatalities arising from natural causes, unless there is evidence of a failure in the application of health and safety procedures.

Accidents

All accidents are reported in our Management Information System, verified and categorized by an HSE professional. The number includes fatal, lost time injury, medical treatment, restricted work-day cases and serious injury, and is aggregated as a single figure.

The rate of recordable work-related accidents for employees and non-employees alike is calculated as follows: (Employee) * 1,000,000 / number of hours worked. The number of hours worked equals the number of full-time employees (FTEs) * 2,000 (estimated hours worked per FTE per annum).

Ill health

All cases of ill health are reported in our Management Information System, verified and categorized by an HSE professional. The number includes occupational diseases and work-related illnesses, and is aggregated as a single figure.

Days lost

Number of days lost to work-related injuries, work-related ill health and fatalities are recorded in our Management Information System and verified by an HSE professional. The number includes days that an injured person (employee or contractor) is away from work due to work-related injuries or fatalities, work-related ill health and fatalities from ill health, and is aggregated as a single figure. For fatalities, the default number of days lost is 183.

Life-changing events

Life-changing events include fatalities and serious/high-consequence work-related incidents that result in any of the following:

- Hospitalization: for treatment of more than 24 hours (hospitalization for observation or diagnostic testing is not calculated as hospitalization hours).
- Amputation: of a limb or a part of a limb, regardless of whether they occur at the workplace or later as a result of the incident.
- Loss of a sense: permanent or long-term loss of sensory functions, such as sight or hearing, on one or both sides.
- Major fractures: that are complex and involve multiple bones. Comminute fractures (fracture into more than two separate pieces) or compound fractures (open fracture breaking the skin) or necessitate extensive surgical intervention to repair.
- Serious burns: that cover a significant portion of the body or that are categorized as severe based on medical assessment.
- Loss of consciousness: requiring resuscitation.
- Life-threatening condition: Injuries that pose an immediate threat to the life of the injured person or that require immediate medical intervention to prevent loss of life.
- Permanent Disabilities: Injuries that result in permanent or long-term disabilities, impairments, or limitations in an individual's physical or cognitive abilities, significantly affecting their quality of life and/or ability to perform essential job functions.

D. INCIDENT REPORTING

The number of own workforce incidents has been calculated by compiling cases and matters categorized by relevant categories in our case management system and our dispute management system, as well as relevant data privacy incidents tracked outside of these systems. [S1-17 104 (a)] For severe human rights incidents, we also considered relevant Group-level media monitoring.

SOCIAL PROTECTION IN THE VALUE CHAIN

The employees of our suppliers and service providers contribute their share to ABB's sustainability value proposition. In return they benefit from protection against risks associated with their work for us through provisions in the ABB Supplier Code of Conduct (SCoC). This requires suppliers to adhere to human rights and provide a safe and healthy place to work. Compliance with the SCoC is regularly reviewed.

The ESRS wording "Workers in the value chain" as an element of sustainability reporting refers to the employees of our value chain partners and how we involve them in our sustainability management. The objective of involvement is that our value chain partners contribute to ABB's sustainability targets and to protect their employees, as best as possible, from potentially negative impacts of the work they do as part of the ABB value chain.

Involvement of value chain workers

[S2 SBM-3] MATERIAL IROs AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

[S2 SBM-3 11] All value chain workers who are likely to be materially impacted by ABB are included in the scope of disclosures.

[S2 SBM-3 11 (a), (a) i, 11 (a) ii, 11 (a) iii, 11 (a) iv, 11 (a) v] ABB has a vast supplier network across all its divisions, consisting of suppliers and sub-tier suppliers operating in a diverse global context. The type of workers in our entire upstream and downstream value chain is diverse as well. It can include workers in raw materials and minerals extraction and processing, employees in factories, contractors at ABB (project) sites and workers in logistics and distribution. These different groups of workers may include workers from vulnerable groups, such as migrant workers, young people and/or women.

[S2 SBM-3 11 (b), 11 (c)] ABB acknowledges that, through its internal risk assessment processes, certain geographies within its value chain have been identified as presenting potential risks related to child labor, forced labor, or compulsory labor. Within these geographies, it is primarily mineral and metal extraction, which is linked to these human rights violations. These assessments are based on structured risk indicators and external data sources, and are not necessarily indicative of confirmed violations, but rather of areas where due diligence and supplier engagement are warranted. While these risks are not considered prevalent across ABB's operations or its first-tier suppliers, systemic challenges related to labor rights may exist in some countries and regions within the broader, sub-tier value chain, particularly where national legislation provides limited or no protection for workers. ABB evaluates country-level risk using an external information provider and prioritizes its due diligence efforts in geographies classified as high or extremely high risk for human rights violations.

[S2 SBM-3 11 (c)] To date, ABB has not observed direct correlations between its operations and adverse impacts on value chain workers arising from the transition to greener and climate-neutral operations. Nonetheless, we remain attentive to emerging risks associated with the increased demand for critical raw materials. Systemic issues of work-related rights may potentially exist in some of the countries and regions that are part of the entire (sub-tier) value chain due to national laws having no or low requirements for labor protection standards.

[S2 SBM-3 11 (e)] ABB is committed to support and respect human rights and labor standards, and to comply with internationally recognized standards, laws and regulations, including the elimination of modern slavery and child labor, as well as the right to work under fair and safe conditions. It encompasses, amongst others, access to fair wages, the right to freedom of association and collective bargaining, and respecting the rights of individuals when providing security for people and assets. We also recognize our responsibility to promote an organizational culture that supports human rights and to respect and promote human and labor rights along our value chain. This includes assessing and monitoring any human rights risks that customers, suppliers, business partners and other parties directly linked to ABB operations, products and services might present.

[S2 SBM-3 11 (d)] Of the seven impacts, risks and opportunities (IROs) identified in our DMA, one was regarded as an actual positive impact. All of our IROs are described in more detail in the table in the chapter “Sustainability at ABB”, section IRO-1.

Supplier-related policies

[S2-1] POLICIES

[S2-1 17] The policies applicable to workers in the value chain, namely our Code of Conduct, Supplier Code of Conduct, Policy on Conflict Minerals, Sustainability Policy, Human Rights Policy and Due Diligence Framework, Manage Vendor Onboarding Procedure and our Sustainable Supply Base Management Requirements & ACOP are all described in accordance with the MDR-P in the Policies section at the end of the chapter “Sustainability at ABB”.

FURTHER HUMAN RIGHTS COMMITMENTS

[S2-1 17 (a), 17 (b), 17 (c)] For human rights policy commitments including labor rights of value chain workers and the provision of remedy for human rights impacts, see the policy descriptions at the end of the chapter “Sustainability at ABB”, in particular for the Human Rights Policy and the Human Rights Due Diligence Framework. These policies support and respect the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights (UNGPs), the International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

The Human Rights Due Diligence Framework refers to the Sustainable Supply Base Management (SSBM) Program as part of the supply chain due diligence ABB executes. Engagement with value chain workers, in the format of worker interviews, is an integral part of this program. Measures to provide and/or enable remedy for human right impacts are detailed in S2-3: Channels available to raise concern.

[S2-1 18] The ABB Supplier Code of Conduct addresses the themes of trafficking in human beings, forced labor, compulsory labor and child labor. Additionally, it covers decent work practices and health and safety. The ABB Supplier Code of Conduct is aligned with the ILO standards.

[S2-1 19] ABB’s policies with regard to value chain workers are aligned with internationally recognized instruments and frameworks; see Policies section referred to above and, in particular, the disclosure under MDR-P 65 (d).

Engaging with value chain workers

[S2-2] ENGAGING ABOUT IMPACTS

[S2-2 22 (a)] To address human rights risks related to our suppliers, we rely on our Sustainable Supply Base Management (SSBM) program and our Responsible Minerals program (see section “Workers in the value chain – Related actions”).

We aim for trusting and stable relationships with the entities that provide products and services to ABB, including equipment and human resources.

Depending on the concrete subject and initiative, we engage directly with workers in the value chain or with legitimate representatives or through their employers by:

- monitoring through our SSBM program;
- on-site evaluations and audits;
- sourcing activities;
- providing training and engaging in special projects on sustainability performance; and
- town hall and supplier day events.

A more detailed stakeholder engagement plan is in development.

[S2-2 22] The perspective of value chain workers, gathered through the various engagement mechanisms, especially via the SSBM program, are systematically integrated into the development of action plans and the management of identified actual and potential impacts. Division presidents are ultimately responsible for this to happen.

A specific example is the worker interviews, conducted as part of the SSBM program. If any discrepancies are identified with the requirements of our SCoC or with local legislation, such as working excessive overtime, not providing the right personal protective equipment for personnel or other labor rights violations, the supplier is required to create a Corrective and Preventive Action Plan to solve the non-compliance within agreed timelines. [S2-2 22 (e)] We track the closure rate of identified risks to determine the effectiveness of the SSBM program. [S2-2 23] Workers selected for the worker interviews can include workers that are more at risk, such as women workers, migrant workers or workers with disabilities.

[S2-2 22 (b)] We work directly with Tier 1 and some Tier 2 suppliers. Via the Responsible Minerals Initiative, of which we are an active member, we reach suppliers in the upper part of our supply chain, typically Tier 4-6 suppliers. Interactions happen with different frequencies, depending on the topic, the type of supplier and tier in the supply chain. We will explore options to further increase visibility beyond Tier 1.

[S2-2 22 (c)] The principles guiding our engagement on human rights matters are embedded in our Human Rights Policy and Due Diligence Framework. The SSBM program is how we conduct this due diligence in our supply chain. Division presidents are accountable for executing this program.

Channels available to raise concerns

[S2-3] PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS AVAILABLE TO RAISE CONCERNS

[S2-3 27 (a), 27 (b), 27 (d)] Information on ABB's approach to and processes for providing or contributing to remedy where it has identified to have caused or contributed to a material negative impact is included in the chapter "Good business conduct", section G1-1, "Whistleblowing and reporting channels". The paragraphs below contain supplementary information relevant to ABB's expectations in its SCoC and SSBM program.

In case of red flag findings during an SSBM assessment, which are linked to actual material negative impacts, the supplier is required to sign a red flag cooperation statement, and immediate action needs to be taken, which can include remediation. Follow up is done on a regular basis, until the finding is solved satisfactorily. Depending on the type of finding, follow up can be done via on-site or desk-top audit. If the supplier is not able to demonstrate closure on red flag points during a follow-up audit, the supplier will be blocked for any new business with ABB. If a supplier is not able or not willing to close the findings, the ultimate consequence is termination of the business relationship. This process is described in the SSBM Approved Code of Practice. Furthermore, the SCoC requires suppliers to inform ABB immediately if they suspect a violation of the SCoC has taken place in their own supply chain, and work with their own suppliers to mitigate, prevent further violations and remediate negative events.

[S2-3 27 (c) | S2-3 28] Information on how ABB supports the availability of reporting channels and on how we assess their effectiveness is included in section G1-1. With regards to dedicated processes for value chain workers, our SCoC states that suppliers are expected to cascade information on adhering to the SCoC and the use of ABB reporting channels as appropriate within their organization and to their suppliers. During SSBM worker interviews, workers are reminded of our reporting channels.

Workers in the value chain-related targets

[S2-5] TARGETS

[S2-5 41 | S2 MDR-T 80 (a), 80 (c)] The Human Rights Due Diligence Framework refers to the Sustainable Supply Base Management (SSBM) Program as part of the supply chain due diligence ABB executes. The SSBM program is a risk-based program, and as described in the SSBM Approved Code of Practice, ABB aims to have a large part of the suppliers that have been identified as posing a high risk to ABB undergo a sustainability assessment. We have set both a mid-term and a long-term target for the program. Our target is group wide.

[S2 MDR-T 80 (f)] Suppliers can pose a risk to ABB if they are located in a country where the overall ESG risk or the risk for human rights violations is considered high or extremely high and if they supply ABB with parts or services where the occupational health and safety risks and environmental risks are high or very high. Country risks are assessed using an externally developed management tool. Supplier risks are assessed using an internal tool that analyzes inherent risks of manufacturing processes and the susceptibility of suppliers to these risks.

	Target	Unit	2025 status	2024 status
[S2] Social protection in the value chain				
	At least 80% of supply spending in focus countries[1] covered by Sustainable Supply Base Management (SSBM) by 2030	%	Using a risk-based approach, a mid-term 2025 target has been set, focusing on high-risk suppliers in focus countries	
	At least 80% of spending on high-risk suppliers in focus countries[1] covered by SSBM by 2025	%	At the end of 2025, 80% of high-risk supply spending in focus countries was covered by the SSBM program.	At the end of 2024, 68% of high-risk supply spending in focus countries was covered by the SSBM program.

1 Current focus countries are Brazil, Bulgaria, China, Egypt, India, Malaysia, Mexico, Peru, Saudi Arabia, South Africa, Thailand, Tunisia and Türkiye.

The mid-term target for the SSBM program is to cover 80 percent of high-risk spend in focus countries between the years 2021 and 2025. The current set of focus countries include Brazil, Bulgaria, China, Egypt, India, Malaysia, Mexico, Peru, Saudi Arabia, South Africa, Thailand, Tunisia, and Türkiye. The long-term target is to cover 80 percent of all spend in these countries in the period 2026 to 2030.

[S2 MDR-T 80 (i)] If there is a change in the group of focus countries during this period, then spend in newly added countries is added to the calculation and spend related to countries that were removed from the list is no longer used in the calculation. In 2025, Peru was added as a new focus country. Due to the low level of high-risk spend in Peru compared to the overall high-risk spend in focus countries, adding Peru did not have a significant impact on the risk-covered calculation and the 2024 percentage covered remained the same.

[S2 MDR-T 80 (j)] The targets are monitored and reviewed on a monthly basis by the SSBM program management. At the end of 2025, we reached the 2025 target as 80% of high-risk supply spending in focus countries was covered by the SSBM program.

We currently have no targets relating to workers in the downstream value chain.

METHODOLOGY

[S2 MDR-M 77 (a), 77 (c)]

The SSBM target considers high-risk spend in focus countries. Focus countries are defined as those countries where the overall ESG risk or the risk for human rights violations is considered high or extremely high and the total spend on high-risk sourcing categories (high-risk spend) has reached a certain threshold. ABB uses an external source to determine the ESG and human rights risks in countries. High-risk spend is defined as spend on those parts or services where the occupational health and safety risks and environmental risks are high or very high. This risk is assessed using an internal tool that analyzes inherent risks of manufacturing processes and the susceptibility of suppliers to these risks.

Spend is covered by the SSBM program if it is allocated by ABB towards purchasing high-risk materials and services in focus countries with those suppliers who have completed an on-site assessment within the last five years or a self-assessment in the last two years.

Furthermore, to calculate the percentage of high-risk spend covered in focus countries, the sum of high-risk supply spend that is covered by the SSBM program is divided by the total high-risk supply spend that ABB has in focus countries.

Actions for workers in the value chain

[S2-4] TAKING ACTION FOR VALUE CHAIN WORKERS

At ABB, we recognize the importance of doing business ethically and maintaining ethical and sustainable business relationships in our value chain, both upstream and downstream. In 2025, we built upon existing actions to further embed integrity processes and to promote sustainable business operations.

SUPPLY CHAIN DUE DILIGENCE

[S2-4 32 (a), 32 (b)] ABB's main program to conduct supply chain due diligence, mitigate negative impacts and provide positive impacts on workers in the value chain is the Sustainable Supply Base Management (SSBM) program. It is part of the wider Third-Party Management (TPM) Buy program, the ABB risk management process related to suppliers. The SSBM program addresses sustainability topics and performance at each stage of the supplier life cycle. It is part of our "Beyond Audit" approach.

With the SSBM program, we integrate sustainability principles into our supplier selection and qualification processes and continuously monitor suppliers during their life cycle with us. Through the program, we address topics including human rights and decent work, health and safety, climate and environment, business ethics, business and information security, procurement by supplier, as well as approaches to reporting any concerns in these areas. Employee interviews are an integral element of the on-site assessments that are part of the program.

The management and implementation of the SSBM program is handled by our business areas. The program is governed by a steering committee comprised of representatives from business areas and the corporate sustainability team and a working group comprised of representatives from all our divisions.

As part of our yearly risk review process, in 2025 we have updated the list of focus countries to reflect both the changed composition of the ABB supplier base and changes in country risk levels. We also reviewed our portfolio of sourced materials and parts and have updated our commodity HSE risk matrix. Temporary labor agencies were added as a high-risk sourcing category.

[S2-4 32 (d) | S2-4 33 (a)] On-site audits as part of the new supplier onboarding process are conducted by trained ABB employees. The on-site assessments in focus countries for existing suppliers are executed by a combination of externally certified ABB employees and assessors from third-party auditing companies.

Under the SSBM program, new suppliers must complete a self-assessment. Depending on the results, further due diligence is carried out, which could include conducting an on-site audit. Only vendors that fulfill our minimum sustainability requirements can become a supplier to ABB. If during the on-site audit any non-conformities are found related to mandatory requirements, a vendor needs to improve their performance before they can be onboarded as a new supplier.

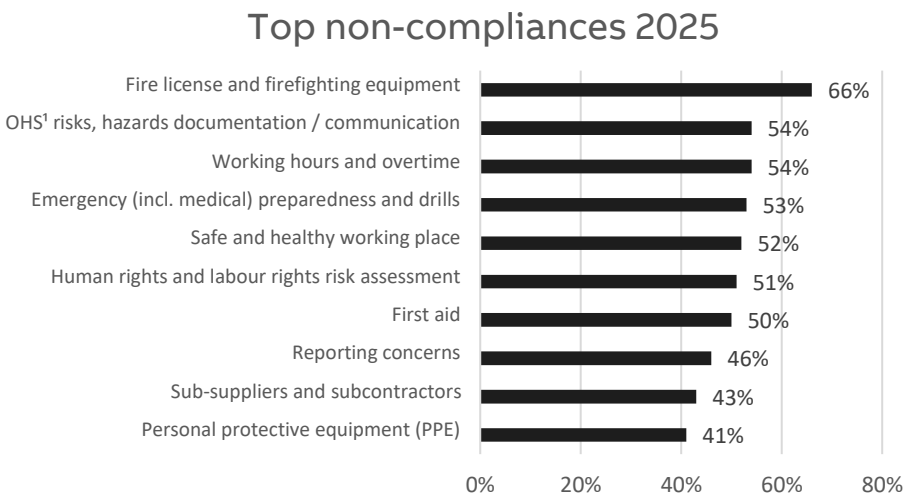
Identified high-risk suppliers in our existing supplier base undergo on-site assessments in a five-year cycle. During these assessments, we check adherence to requirements of our SCoC and of local legislation.

If during these assessments any discrepancies are found, the supplier is required to create and implement a Corrective and Preventive Action (CAPA) Plan to solve the non-compliance within agreed timelines. Discrepancies can refer to both actual and potential negative impacts on value chain workers. Effective implementation of the CAPA Plan is verified during a CAPA audit.

On average, 97 percent of supplier assessments result in one or more findings. The severity of the findings will determine how quickly the non-conformance needs to be solved and is an indication of the risk level of a supplier. We track the closure rate of identified risks to determine the effectiveness of the SSBM program.

CASES OF NON-COMPLIANCE

The top cases of non-compliances found during assessments in 2025 can be found in the graph below. These cases inform our interventions with suppliers.



1 – Occupational Health and Safety ("OHS")

[S2-4 33 (b)] ABB is an active member of different multi-stakeholder initiatives, such as the UN Global Compact and the Global Business Initiative on Human Rights (GBI), with the aim of peer learning and defining best practices to tackle human rights. In 2025, we organized an event in collaboration with the GBI in India to explore effective stakeholder engagement strategies in global supply chains, with a focus on human rights and responsible business practices.

[S2-4 33 (c)] ABB has a process in place to provide or enable remedy in case of material negative impacts; please see chapter "Good business conduct" (G1), section "Whistleblowing and reporting channels".

Additionally, in case of red flag findings during an SSBM assessment that are linked to actual material negative impacts, actions taken can include remedy. Follow up is done on a regular basis, until the finding is resolved satisfactorily. Depending on the type of finding, follow up can be done via on-site or per desktop audit.

[S2-4 34 (a)] To mitigate material risks that arise from ABB's impact and dependencies on value chain workers, we make relevant training available to our suppliers via different channels. As part of the SSBM program, we provide awareness training to suppliers on all topics that will be assessed during the on-site assessments. We also train our Procurement organization on human rights and SSBM. We do not yet track the effectiveness of this training in a consistent manner.

[S2-4 34 (b)] We continue to enhance the tools we use to perform human rights due diligence. To this purpose, we have started a project to add supplier adverse media screening on ESG topics to the program. Planned implementation is in 2026.

[S2-4 32 (c) | S2-4 35] ABB has increased awareness raising and capacity building by enhancing the different training offerings:

- New deep dive training promoted to suppliers covering topics such as child labor and modern slavery.
- Role specific training at ABB covering human rights training for procurement.

- Expansion of our human rights training offerings with two new modules focused on salient human rights issues. These include underlying factors relevant to human rights due diligence, such as corruption, HSE, and privacy, as well as environmental issues impacting human rights.

[S2-4 36] There have been no substantiated cases of severe human rights issues and incidents reported in 2025.

CONFLICT MINERALS AND OTHER MINERALS OF CONCERN

[S2-4 32 (a), 32 (b)] Some of the IROs are linked to the extraction of raw materials, therefore sourcing minerals in an environmentally and socially sustainable manner is part of our responsible sourcing commitment. This is also reflected in our Policy on Conflict Minerals.

The ABB Responsible Minerals program is based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas, and other international standards. Within this program, we continue our work to understand and limit our exposure to conflict minerals (tantalum, tin, tungsten and gold, or "3TG"), as defined by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and EU Directive 2017/821. We request information from our suppliers on the source of these minerals and other minerals of concern, such as cobalt and mica. Where needed, we train our suppliers on the topic. We work actively with them to avoid sourcing from smelters or refiners (SORs) in the covered countries (the Democratic Republic of the Congo and neighboring countries) and conflict-affected and high-risk areas (CAHRAs), other than those that have implemented OECD-aligned programs. We actively work with our suppliers to ensure that any minerals contained in the products and materials supplied to ABB originate from conflict-free sources. We also work to transition away from smelters and refiners that have been reported publicly for money laundering or human rights violations, with geopolitical and sourcing risks, or are based in countries under sanctions.

We continue to participate in outreach efforts to smelters and refineries through the Responsible Minerals Initiative (RMI) and its member companies. The RMI, of which ABB is an active member, is an organization working to address responsible mineral sourcing in the supply chain. In 2025, we conducted tin smelter outreach in Indonesia. The outreach aided smelters implementing Correct Actions Plans post the RMI's Responsible Minerals Assurance Process (RMAP). Assistance was also provided to smelters that are required to undergo the next RMAP. ABB continues to be the single point of contact for various smelters and refiners in Asia.

In addition to carefully tracking our sources for tantalum, tin, tungsten and gold, we have expanded our survey to cover the use of other minerals in our products. Using the Extended Minerals Reporting Template developed by the RMI, we conduct due diligence on our cobalt and mica supply chains. In 2025, ABB had an increased focus on mica, including management engagements with key suppliers to strengthen traceability, transparency and compliance.

HUMAN RIGHTS RISKS ASSESSMENT IN SALES

[S2-4 31] To address the identified impacts along the value chain, ABB collaborates with suppliers and business partners where appropriate, leveraging long-term business relationships. In 2025, in the sales domain, we continued to screen for human rights risks in sales opportunities to ensure consistency with our values and broader human rights due diligence efforts.

Our third-party management program is designed to assess and manage risks associated with third-party engagements across the value chain, including both suppliers and sales partners. This program includes risk-based due diligence prior to engagement, structured approval processes and ongoing risk monitoring throughout the life cycle of the relationship.

ACTIONS OVERVIEW (S2)

[S2-4 31 | S2 MDR-A 68 (a), 68 (b), 68 (c)]

We are already executing all activities listed below.

List of key actions	IROs covered	Scope	Time horizon
Sustainable Supply Base Management Program	S2-O-01, S2-R-02 (upstream), S2-NI-01 (upstream), S2-NI-03 (upstream)	Global tier 1 suppliers, with enhanced due diligence focused on suppliers in high or extreme-high risk countries, supplying high-risk goods and services	Ongoing
Responsible Minerals Program	S2-R-02 (upstream), S2-NI-01 (upstream), S2-NI-03	Global minerals supply chain	Ongoing
Human Rights Risk Assessment in Sales	S2-NI-01 (downstream)	Worldwide	Ongoing

PROTECTING VULNERABLE COMMUNITIES

Impacts and opportunities

[S3 SBM-3] MATERIAL IROs AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

[S3 SBM-3 9, 9 (a), 9 (a) i, 9 (a) ii, 9 (a) iii, 9 (a) iv | S3 SBM-3 11] ABB's activities impact communities along its value chain. These communities consist of people living or working in the vicinity directly impacted by our operations as well as those affected indirectly through our value chain, irrespective of the distance between these communities and our operations. These communities are implicitly included in the scope of reporting in this Sustainability Statement.

[S3 SBM-3 9 (b), 9 (c), 9 (d)] ABB's updated DMA revealed three IROs in the communities field, all of which were classified as impacts. There were no material risks or opportunities identified. The three IROs are explained in the IRO table in the chapter "Sustainability at ABB", section ESRS-2 IRO-1.

[S3 SBM-3 9 (b)] One of the impacts was classified as potentially negative, namely that our operations can lead to disruption and to health issues of nearby communities due to noise, environmental pollution or hazardous materials handled at ABB directly. Another potentially negative impact concerns our upstream value chain if resources that are regarded as "conflict minerals" contribute to fueling unrest.

[S3 SBM-3 9 (c)] We also identified a potentially positive impact of our business activities through contributing to local development in the communities where we operate, for example through the ABB Community Engagement program.

Community-related policies

[S3-1] POLICIES RELATED TO AFFECTED COMMUNITIES

[S3-1 16] ABB uses several policies and procedures to manage its impact on affected communities. Our negative impacts concerning human rights of all affected communities are covered in the ABB Human Rights Policy and Due Diligence Framework, the ABB Code of Conduct and the ABB Supplier Code of Conduct. Potential negative impacts on nearby communities, such as disruptions or health risks from noise, environmental pollution or hazardous materials, are covered by the Health, Safety, Environment (HSE) & Security Policy. To address the potential negative impact on communities near our supply chain mining activities we refer to the ABB Policy on Conflict Minerals. Specific information about these policies and their alignment with internationally recognized standards can be found in a dedicated Policies section at the end of the chapter "Sustainability at ABB".

[S3-1 15 | S3-1 16 (a)] Our policies are designed to protect communities broadly, with indigenous peoples recognized as an essential part of those they aim to support, even if not explicitly mentioned.

[S3-1 16 (b)] Our current policies do not include a dedicated engagement process with affected communities. While we recognize the value of direct and meaningful engagement, especially in understanding and addressing the needs and concerns of those impacted by our operations, such mechanisms have not yet been formally integrated into our policy framework.

[§16.c] For information about how we provide or enable remedy for human rights impacts please refer to the chapter "Good business conduct", section G1-1, "Whistleblowing and reporting channels".

[S3-1 17] The relevant ABB policies are aligned with internationally recognized instruments such as the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises involving affected communities, either within our own operations or across our upstream and downstream value chain. We continue to monitor our activities and those of our partners to ensure alignment with these international standards.

Engaging with communities

[S3-2] PROCESSES FOR ENGAGING WITH COMMUNITIES ABOUT IMPACTS

[S3-2 24] ABB has initiated the development of a stakeholder engagement plan during the reporting period. The process involves reviewing internal structures and resource considerations that may support future engagement activities. Initial planned steps include identifying and profiling stakeholder groups, mapping and prioritizing them based on relevance and potential impact and exploring engagement levels and methodologies. Implementation of the plan is expected to begin in 2026.

At present, ABB does not have a formal community engagement process in place specific to local communities.

Channels available to raise concerns

[S3-3] PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS AVAILABLE TO RAISE CONCERNS

[S3-3 27 (a)] Information on reporting channels available to affected communities, including assessments of their effectiveness, is included in the chapter “Good business conduct”, section G1-1, “Whistleblowing and reporting channels”.

Community-related targets

[S3-5] TARGETS RELATING TO AFFECTED COMMUNITIES

[S3-5 41 | ESRS 2 72 | S3 MDR-T 81 (b) i, 81 (b) ii] Although ABB has not established a specific target related to affected communities, primarily due to the current maturity level of our internal processes, we are committed to expanding our community engagement programs with the ambition of generating measurable impact. To support this ambition, we have developed internal voluntary guidelines and processes intended to facilitate a more structured and consistent approach. These efforts aim to enhance social engagement, promote community involvement, and align with ABB’s commitment to fostering positive impacts in the communities where we operate.

Ambition	2025 status	2024 status
[S3] Protecting vulnerable communities		
Ambition to Expand Programs for Community Engagement	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.	In 2024, we released an internal guideline to formalize the company’s community engagement strategy and provide direction on developing projects aligned with our Sustainability Agenda and our Four Focus Areas (4Es) of intervention.

Taking action in communities

[S3-4] TAKING ACTION FOR AFFECTED COMMUNITIES

[S3-4 32 (a)] ABB's Health, Safety, Environment and Security (HSE&S) management system is designed to ensure the responsible management of our operations. By maintaining high standards in environmental and safety performance, we reduce the risk of negative impacts on nearby communities, such as those related to noise, pollution or hazardous materials. All divisions undergo regular self-assessment cycles and independent HSE audits to identify areas for improvement. Our centralized system tracks hazards and incidents, assigning corrective actions to responsible managers. Divisions develop tailored safety programs, conduct internal inspections, and coordinate emergency preparedness and response. Third-party verifications support the credibility of our health, safety and wellbeing reporting. In the event of a material impact, ABB applies structured procedures to investigate incidents and implement corrective actions. Although no specific targets are set for community-related impacts, our systems ensure that any actual issues are addressed.

ABB has implemented a Responsible Mineral program to manage risks associated with the sourcing of minerals such as tin, tantalum, tungsten, gold (3TG), mica and cobalt. These materials may originate from conflict-affected and high-risk areas where there is potential for human rights violations and the financing of armed groups.

We are an active member of the Responsible Minerals Initiative (RMI), a global multi-industry association with over 500 member companies. The RMI provides tools and standards to support responsible mineral sourcing, including the Responsible Minerals Assurance Process (RMAP), a third-party audit mechanism that verifies whether smelters and refiners have systems in place to source minerals responsibly. We participate in outreach efforts to encourage smelters to undergo RMAP audits and implement corrective actions where needed.

For more information, including on resources, refer to the previous chapter, section "Actions for workers in the value chain". Although the program is not specifically designed to address community-level impacts, its implementation contributes to reducing the likelihood of adverse social and environmental conditions in sourcing regions.

[S3-4 32 (c)] ABB carries out community engagement activities in the areas where it operates. These activities are based on four areas of focus (the "4Es": Education, Emergency and disaster relief, Empowering communities, Environment and conservation), which are aligned with ABB's Sustainability Agenda. The aim is to contribute to local development and respond to identified community needs.

The approach includes engagement with local stakeholders, collaboration with external partners, and implementation of projects at the country level. These initiatives are intended to support the wellbeing of communities and contribute to ABB's role as a responsible presence in the local context.

ABB has a long-standing commitment to social impact through partnerships with organizations such as Junior Achievement and the Special Olympics. In 2025, ABB continued to strengthen these collaborations, supporting inclusive sports through employee volunteering at the Special Olympics and advancing youth education and entrepreneurship with Junior Achievement.

All actions described reflect activities carried out during the reporting year, as part of ABB's ongoing commitment to continuous improvement.

ACTIONS OVERVIEW (S3)

[S3 MDR-A 68 (a), 68 (b), 68 (c)]

We are already executing all activities listed below.

List of key actions	IROs covered	Scope	Time horizon
HSE Continuous Improvement Program	S3-NI-01	Communities close to our operations	Ongoing
Responsible Minerals Program	S3-NI-02	Communities close to upstream mines	Ongoing
Annual Community Engagement Programs	S3-PI-01	Communities close to our operations	Ongoing

PROTECTING CONSUMERS

Management of consumer-related risks

[S4 SBM-3] MATERIAL IROs AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

[S4 SBM-3 10 (a) i, 10 (a) ii, 10 (a) iii, 10 (a) iv] Consumers and end-users subject to material impacts are industrial consumers of electrical, automation and robotics equipment, and end-users of building automation and home electrical equipment.

ABB's current impacts and risks mitigation measures in place cover the IROs identified as material in our DMA process. The IROs correspond to the following ESRS sub-sub-topics: Privacy; Access to (quality) information; and Health, safety and security of a person. As part of the DMA we identified one potential negative impact on consumers and/or end-users linked to harm from the use of our products.

[S4 SBM-3 10 (b)] ABB identified risks associated with product malfunctions due to extreme usage or intense external factors (e.g., extreme weather conditions) that may damage our reputation, lead to workforce fluctuations and increase service demands, raising the risk of errors and warranty costs in situations of critical utilization of products. System failure can lead to safety incidents and/or operational disruptions for consumers and end-users. This would result in business losses and financial repercussions.

Cyber attacks on our systems can threaten brand reputation, customer operations and satisfaction, especially in critical infrastructure. Exploited software vulnerabilities can compromise customer data, while threats like RaaS, AI-driven attacks and supply chain risks emerge. Geopolitical factors may increase cyber risks. Sophisticated state-sponsored and organized crime attacks can increase exposure to data breaches, regulatory non-compliance and business disruption.

Consumer-related policies & processes

[S4-1] POLICIES RELATED TO CONSUMERS AND END-USERS ABOUT IMPACTS
[S4-3] PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

[S4-1 15] All sustainability-related policies of ABB are described in a dedicated Policies section at the end of the chapter "Sustainability at ABB".

In addition, ABB is in the process of developing a stakeholder engagement policy to fully cover downstream requirements. We have initiated the development of a stakeholder engagement plan during the reporting period. The process currently involves reviewing internal structures and resource considerations that may support future engagement activities. Initial planned steps include identifying and profiling new relevant stakeholder groups, mapping and prioritizing them based on relevance and potential impact, and exploring engagement levels and methodologies. Implementation of the plan is expected to begin in 2026.

[S4-3 25 (c)] For processes to remediate negative impacts and channels available to consumers and end-users to raise concerns and have them addressed, please see the description of the Business Ethics Helpline in chapter "Good business conduct", section "Whistleblowing and reporting channels".

Consumer-related targets & actions

[S4-4] TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS
[S4-5] CONSUMER-RELATED TARGETS

[S4-5 41] ABB has not yet set any consumer-related targets and action plans for fiscal year 2025. We intend to develop and implement targets and action plans, and the results will be included in subsequent reports as they become available.



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GOVERNANCE INFORMATION

Good business conduct 128

GOOD BUSINESS CONDUCT

ABB's Sustainability Agenda is underpinned by a culture of integrity and transparency that we aim to embed across our value chain. We see integrity as part of our license to operate, and we are committed to the highest standards of ethical business conduct and professional behavior.

Ethical business practices

[G1 GOV-1] ROLE OF THE ADMINISTRATIVE, SUPERVISORY AND MANAGEMENT BODIES

[G1 GOV-1 5 (a)] The Board of Directors has ultimate accountability for compliance and integrity matters, in accordance with Swiss law including to review and approve ABB's integrity program including

- preventative measures undertaken by ABB;
- oversight of significant integrity matters and ongoing investigations;
- benchmarking against other companies' integrity programs as appropriate; and
- monitoring relevant legal developments.

The Finance, Audit and Compliance Committee (FACC) of the Board supports the Board of Directors in oversight of ABB's compliance with legal and regulatory requirements and provides oversight of the Integrity Program. The General Counsel has accountability and responsibility for our legal function, including oversight of ABB's compliance with applicable law. The Chief Integrity Officer has responsibility for implementing, managing and continuously enhancing our integrity program and resourcing the function appropriately with qualified staff.

[G1 GOV-1 5 (b)] The expertise of our administrative, management and supervisory bodies on business conduct matters is outlined in the ABB Ltd Board Governance Rules. The FACC membership is comprised of seasoned individuals with expertise in financial and non-financial business conduct matters. Ensuring that the competency of all Board members fits to our strategy and purpose is the responsibility of the Governance and Nomination Committee.

Business conduct as a material topic

[G1 IRO-1] IDENTIFYING AND ASSESSING MATERIAL IROs

[G1 IRO-1 53 (b)] We have reported on sustainability for many years and therefore have a solid approach to governing the topic. To ensure alignment with the CSRD and ESRS, we performed a double materiality assessment (DMA) in 2024 and an update to the DMA outcome in 2025. For more information on the process, see the chapter "Sustainability at ABB".

Through the DMA we identified nine material impacts, risks and opportunities (IROs) in the business conduct field. Of these, five have been categorized as impacts, three as risks and one as an opportunity. To identify these IROs we considered all relevant criteria, including location, historical events, peer benchmarking and stakeholder prospectives.

For more detailed information on these IROs including a description, whether the impacts are positive or negative, actual or potential, their place in our value chain, and the time horizons in which we expect them to occur, please see the IRO table (ESRS 2 IRO-1) in the chapter "Sustainability at ABB".

Business conduct-related policies

[G1-1] CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES

[G1-1 9] Our values are the cornerstone of our culture. They shape everything we do, guide our behavior and interactions with our colleagues, customers, partners and society as a whole, and help us realize our purpose. By living our four ABB values (courage, care, curiosity, collaboration), we lead by example in how we do business and behave.

At ABB, integrity and transparency define how we do business. They are the foundation of our Sustainability Agenda and underpin our value creation. We recognize the importance of doing business ethically and maintaining ethical business relationships. The ABB Code of Conduct (CoC) expresses our collective and individual commitment to integrity and provides practical guidance to our workforce, suppliers and business partners on how we conduct business worldwide. The CoC applies globally to all our employees, managers, officers and directors, including our wholly owned affiliates and subsidiaries, as well as employees of joint ventures or other entities in which ABB has majority ownership interest or exercises effective control.

ABB uses several other policies and procedures to manage its business conduct in support of the CoC, such as the Supplier Code of Conduct and the Human Rights Policy & Human Rights Due Diligence Framework. These and other relevant policies are described in a dedicated Policies section at the end of the chapter “Sustainability at ABB”.

WHISTLEBLOWING AND REPORTING CHANNELS

[G1-1 10 (a), 10 (e) | G1-3 20] All global ABB employees, contractors, suppliers, consumers and end-users and other stakeholders, such as potentially affected communities, can report any concerns of possible breaches of the CoC, the Supplier Code of Conduct or other policies, as well as applicable laws, including matters relating to human rights, via the following channels:

1. Internal stakeholders globally can report to ABB managers or the Human Resources and Legal & Integrity departments.

2. Internal and external stakeholders globally can report to the ABB Business Ethics Helpline, hosted on an independent third party’s technical platform. This is available to external stakeholders such as value chain workers (see chapter S2), communities (see chapter S3) and consumers and end-users (see chapter S4).

These channels were established and are managed by ABB.

Any reports received in the Business Ethics Helpline are classified according to a relevant case category at the triage stage and updated during the investigation as required. Relevant categories include HSE, security, human resources, human rights, corruption and bribery, and other integrity issues (as well as more detailed subcategories within these). These categories and sub-categories facilitate appropriate attention, resourcing and internal escalation.

The Integrity Investigations and Monitoring (IIM) team is responsible for overall administration of the Business Ethics Helpline. This includes reviewing all reports received and determining the appropriate assignment for addressing reports, subject to confidentiality and whistleblower protection considerations. The IIM team is responsible for independently and objectively carrying out thorough investigations into the highest-risk business conduct reported incidents. This function reports to the Chief Integrity Officer who reports to the General Counsel and makes periodic updates to the FACC, as outlined in the ABB Ltd Board Governance Rules. We have additional investigations teams in each business area who are responsible for lower-risk business conduct and workplace reported incidents. Reporting lines and any potential conflicts of interest are considered in the assignment of investigators to matters.

These procedures are in accordance with EU Directive 2019/1937.

Training and awareness

[G1-1 10 (c)] We support the availability of our reporting channels to internal and external stakeholders by publishing information about how to access and use these reporting channels on our website (here). Reports to our Business Ethics Helpline can be made via an online form, but we also support the accessibility of this channel via an international telephone hotline with local phone numbers applicable to over 50 countries.

We also support the availability of channels to our workforce via training. All new employees are required to review and understand the CoC, for which we provide micro learnings that are accessible to all employees through our Integrity Awareness Portal, to facilitate training on the CoC. This training covers available reporting mechanisms beyond the Business Ethics Helpline, such as reporting to an ABB manager, Legal & Integrity or Human Resources.

Furthermore, employees have access to internal training modules on human rights topics, which also highlight the channels available for employees to report any human rights concerns. Section S2-3 contains further information on how we support the availability of channels in the value chain.

Measuring the effectiveness of reporting channels

ABB maintains a real-time case dashboard to continuously monitor incidents reported in the Business Ethics Helpline from internal and external stakeholders.

To assess the level of trust in our reporting channels, we benchmark the volume of cases received against external sources and the level of reports received anonymously, where comparable data is available. We produce an Integrity Analytics Report that is available to all employees, which outlines business- and country-specific metrics on trust, engagement and transparency. We also encourage our employees to engage in informal discussions to promote awareness and trust in reporting, for example through the Integrity on the Business Agenda initiative and the Integrity Circles. We monitor the time needed for case resolution, substantiation, outcomes and other datapoints to continually assess our incident reporting and resolution landscape for actionable trends and risk detection.

Non-retaliation

Our reporting channels allow reports to be made by internal or external stakeholders anonymously or otherwise. The process is designed to protect the confidentiality (as appropriate) of reporters and the reporting and resolution process. Our CoC and Whistleblowing Protection Statement set out our commitment to non-retaliation against those who use the reporting channels. The Integrity Investigations Framework governs the process for handling alleged violations of the CoC and outlines, for all CoC investigators, how to protect whistleblowers. If retaliation is alleged in a case reported in our Business Ethics Helpline, in triage it would be allocated to a specific case category ("retaliation for protected activity"), which highlights our commitment to taking measures to ensure that no retaliation occurs.

As outlined in our Supplier Code of Conduct, suppliers must provide reasonable assistance to any investigation by ABB of potential violations, and they must protect anyone who works for them, either as an employee or a contractor, from any form of retaliation for reporting suspected or actual violations.

Remedy

Where root cause analysis determines that remediation is required, we take steps to provide remediation according to internal policies and processes, and in line with applicable contracts and laws. Our Human Rights Policy contains our commitment that, if adverse human rights impacts are found to be caused or contributed to by ABB, we will take action to remediate those impacts in a fair and equitable manner in line with the UNGPs. Our CoC further states that we seek to provide appropriate remedy to affected stakeholders. With respect to the value chain, our Human Rights Policy explains our commitment that, if we find impacts directly linked to our business relationships, we will use our influence to encourage suppliers and business partners to respect human rights, whether through collaboration and support, corrective action plans or termination of the business relationship on a case-by-case basis. This is supported by ABB's expectations contained in the Supplier Code of Conduct.

We also have internal processes for investigating and remediating grievances reported by our own workforce. This includes considering disciplinary remediation for substantiated violations of the CoC and non-disciplinary remediation to minimize the risk of recurrence.

All remediation items from investigations are tracked by relevant owners. Legal & Integrity teams in the business areas track their implementation. At Group-level, we generate investigative insights, which can highlight repeated themes and incidents. We also have case insight dashboards, which enable the tracking of substantiated trends in the same issue type, which can indicate that a remediation effort may not have been effective and requires further review.

Further information on remediation of impacts identified via ABB's SSBM program can be found in section S2-3.

BUSINESS CONDUCT TRAINING

[G1-1 10 (g)] Our integrity training program is made available to all employees. It is designed to familiarize them with our CoC and ethical standards, enabling them to conform with our expectations as set out therein. The CoC is available in various languages, online and via a mobile application to make it accessible to office and production staff. Our online integrity training is accessible to all employees and aims to bring to life our expectations on workplace behavior, anti-bribery and anti-corruption, bullying and harassment, equality and discrimination, speaking up and other CoC topics.

Employees are encouraged to engage in continuous self-learning, with the training content tailored to the specific risks relevant to their roles. The aim of this approach is to ensure that employees are not only completing the training but are also applying the knowledge in their daily tasks. From time to time, integrity training is mandated for all employee groups or for specific at-risk groups, as part of efforts to continuously drive integrity behaviors and/or remedial measures.

Alongside these integrity-focused learning modules, managers at all levels of the company are expected to model integrity behaviors and hold team discussions to ensure that our teams understand what is expected when it comes to ethical conduct and treating people with respect. Integrity Committees in all business areas and divisions support this approach.

Additionally, we conduct regular global communications about culture, behavior expectations and resources, including monthly sharing of internal integrity successes and failures. This continuous learning strategy is underpinned by employee accountability and fraud prevention awareness, fostering a culture of integrity and ethical conduct within the organization.

[G1-1 10 (h)] Our functions deemed most at-risk of bribery are Sales and Procurement (through their dealings with third parties) as well as Finance, Legal, and Human Resources (through their gatekeeper duties). In accordance with the ABB Way, our business areas implement risk management plans to mitigate the specific risks posed in relation to their at-risk functions.

Late payments

[G1-2] MANAGEMENT OF RELATIONSHIPS WITH VENDORS

At ABB, integrity and transparency define how we do business. This includes our business relationships with vendors. Both our business partners and we ourselves commit to contractual agreements.

[G1-2 14] For our internal regulations and processes to prevent late payments to vendors, including SMEs, please see under G1-6 (Payment practices) below.

Management of supplier relationships

[G1-2 15 (a)] The relationship of ABB with its suppliers is governed by the ABB Supplier Code of Conduct (SCoC), which complements the ABB Code of Conduct. It sets forth our requirements for suppliers. The SCoC is in line with relevant international frameworks, standards and legislation governing ethical and sustainable business practices. To help our suppliers, we have developed an implementation guide, providing practical advice on how to meet the SCoC requirements.

The SCoC covers social topics – such as human rights and decent work or health and safety – but also environmental topics, such as climate and environment or material compliance and responsible minerals. On the social side, it requires our suppliers to respect the same international human rights principles and standards as ABB, including specific requirements regarding child labor, modern slavery, harassment and discrimination, as well as the rights of local communities and vulnerable groups. It also requires suppliers to conduct human rights due diligence to identify, assess, eliminate or mitigate the risks of potential adverse effects related to forced and/or child labor in their supply chains. On the environmental side, it includes a list of potential environmental impacts on the part of suppliers and the requirement to conduct ongoing environmental due diligence to identify, assess and evaluate potential risks to prevent, mitigate and reduce negative impacts on the climate, biodiversity and natural resources. Suppliers are required to conduct their business in a low-carbon, environmentally sustainable and resource-efficient way. Where needed, we support our suppliers to improve their performance.

The SCoC requires suppliers to disseminate and enforce similar requirements across their own supply chains and to report any suspected violations. In 2025, we promoted deep dive training to our suppliers on human rights-related topics. We also launched targeted training on human rights to our Procurement organization to increase awareness of the topic and provide them with the right knowledge to discuss the topic with suppliers during their life cycle with us.

To further mitigate risks, our category management strategies include generic category risk controls, additional risk controls for geopolitical issues, material compliance changes, and critical parts and material shortages. We have also implemented single-source risk management strategies. Suppliers in scope of risk management will be uploaded to our risk management tool and closely monitored. Where possible and feasible, a local-for-local or region-for-region supply chain set-up has been implemented, lowering supply chain disruption risks.

BEYOND AUDITS

[G1-2 15 (b)] Our Sustainable Supply Base Management (SSBM) program, which addresses sustainability topics and performance at each stage of the supplier life cycle, forms part of our “Beyond Audit” approach. With the SSBM program we integrate sustainability principles into our supplier selection and qualification processes and continuously monitor suppliers during their life cycle with us. Through the program, we address topics including human rights and decent work, health and safety, climate and environment, business ethics, business and information security, procurement, as well as approaches to reporting any concerns in these areas.

For further information on ABB’s SSBM program, see the Sustainable Supply Base Management Requirements and the associated Approved Code of Practice (ACOP) in the Policies section at the end of the chapter “Sustainability at ABB”. Please also see the chapter “Social protection in the value chain” (S2), in particular the section “S2-2: Engaging about impacts”, “S2-4: Workers in the value chain-related actions” and “S2-5: Workers in the value chain-related targets”.

THIRD-PARTY MANAGEMENT

The SSBM program is linked to our wider Third-Party Management (TPM) program. The TPM program sets core minimum integrity requirements for the selection, onboarding, engaging, monitoring, managing and termination of relationships between ABB and third parties. It is implemented to identify, assess, monitor and manage integrity risks to which we are exposed via third-party relationships. The TPM program enables identification of risks that may have an impact on sustainability matters (e.g., anti-bribery and anti-corruption and human rights) and could lead to regulatory, legal, financial or reputational damage. Depending on the identified risks, further due diligence is required, and mitigation actions are implemented.

CONFLICT MINERALS AND OTHER MINERALS OF CONCERN

Responsibly sourcing conflict minerals and other minerals of concern is part of our responsible sourcing commitment. This is also reflected in our Policy on Conflict Minerals. We have established a Responsible Minerals Program based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas, and other international standards. Within this program, we continue our work to understand and limit our exposure to conflict minerals (tantalum, tin, tungsten and gold, or “3TG”), as defined by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and EU Directive 2017/821.

In addition to carefully tracking our sources for tantalum, tin, tungsten and gold, we have expanded our survey to cover the use of other minerals in our products. Using the Extended Minerals Reporting Template developed by the Responsible Minerals Initiative, we conduct due diligence on our cobalt and mica supply chains. For more information on the Responsible Minerals program, please see chapter S2 (“Social protection in the value chain”), section S2-4 for related actions.

INVOLVING SUPPLIERS

As part of our supply chain GHG emissions reduction program, we have requested our most impactful suppliers to register in EcoVadis and get a validated scorecard. This will not only provide information on their approach and maturity related to carbon management, but also covers their performance in environment, labor and human rights, ethics and sustainable procurement by suppliers. ABB divisions are taking the suppliers' EcoVadis score into consideration during supplier performance evaluation and/or supplier selection.

As part of our obligations under the Indian Business Responsibility and Sustainability Reporting requirements, ABB India conducts regular ESG risk assessments across its targeted value chain to identify material issues. These assessments help prioritize suppliers and partners that require closer engagement or improvement. The company has also established a systematic approach to address significant risks or concerns arising from the assessments of the value chain. The approach consists of various initiatives including awareness-building for value chain partners, sharing best practices on ESG, supporting the selected partners to further improve their ESG performance and evaluation of ESG performance on defined frequency.

ABB'S GENERAL TERMS AND CONDITIONS

ABB provides General Terms and Conditions for Purchase of Goods and Services (GTCs) as a contractual component of our supplier relationship. These include obligations regarding applicable anti-bribery and anti-corruption laws, sanctions and trade control laws and regulations, and human rights and anti-modern slavery laws and international frameworks.

All ABB suppliers are requested to sign the GTCs as an essential precondition to enter into business relations with us.

SUPPLIER CYBER SECURITY AND PERSONAL DATA PROTECTION

ABB takes cyber security and personal data protection extremely seriously – for the security of our products, systems and services, as well as our customers' and ABB's data, including personally identifiable information. Our suppliers play a crucial role in our cyber security and data protection programs. We therefore expect our suppliers to support and complement our efforts to keep our systems and data safe. Where applicable, suppliers are required to disseminate the same requirements within their supplier base. The ABB Cyber Security Requirements for Suppliers establish the minimum measures that we expect our suppliers to comply with. We have also identified the requirements regarding the processing of personal data, and they are integrated in the selection and onboarding processes for suppliers.

FUNDAMENTALS OF WORKING WITH ABB

Working with best-in-class suppliers is essential for our success. Apart from the above-mentioned requirements for suppliers, we have identified other fundamentals to cooperate with ABB, which include our material compliance program and the ABB list of Prohibited and Restricted Substances. Further information on this can be found on the ABB website (Supplying to ABB).

Anti-corruption and anti-bribery

[G1-3] PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

Integrity and transparency are core to our operating model. We aim to embed them in everything we do. Our Integrity Program (including training) is our key action plan with respect to ESRS G1.

ANTI-BRIBERY AND ANTI-CORRUPTION PROGRAM

[G1-3 18 (a)] At ABB, we have zero tolerance for unethical business practices. Any abuse of power or trust for private gain is a breach of our ethical standards and Code of Conduct and has no place at ABB. We know that having an adaptive anti-bribery and anti-corruption (ABAC) program, which allows us to anticipate and meet risks head-on, is critical for our organizational success. The ABAC framework is a conceptual overview of existing key ABAC policies, procedures, guidance and controls designed and implemented across our operations to prevent, detect and respond to key ABAC risks we face as a global organization. These include addressing corruption and bribery risks in the engagement of vendors, customers and sales channel partners; engaging in the giving or receiving of gifts, travel and hospitality; engaging in donation and sponsorship activities; compliance with travel and expense procedures; and other corruption and bribery risk mitigating measures that have been incorporated into our financial reporting controls via our ABAC Risk Catalogue. On the supplier side, our Supplier Code of Conduct (SCoC) and the SCoC Implementation Guide provide increased focus on business conduct for all our suppliers, strengthening our risk-based approach to selecting suppliers and enabling effective oversight and monitoring of their activities and overall performance across total population of third parties.

We perform periodic risk assessments and targeted monitoring and testing activities, leveraging data-driven dashboards fed by primary enterprise tools used for daily operations to detect integrity risks, specifically focusing on ABAC and fraud risks.

[G1-3 18 (b)] A description of the procedures regarding potential incidents of corruption and bribery can be found above in chapter G1-1, section “Whistleblowing and reporting channels”.

[G1-3 18 (c)] The Chief Integrity Officer reports quarterly to the FACC, with periodic updates to the full Board and Executive Committee (EC). These reports include insights regarding the effectiveness of the integrity program, the annual strategy of the Integrity and Regulatory Affairs function, and notable risk matters for management and Board awareness.

INTEGRITY TRAINING

[G1-3 21 (a)] Overall, our integrity training program takes a hybrid approach, combining self-guided learning with role-specific mandatory training and regular communication to employees aimed to keep awareness high, thereby encouraging individual ownership and accountability. The program is Group-wide. It focuses on, but is not exclusive to, the upskilling of employees in gatekeeper functions and those that interact with third parties.

The ABAC training program aims to enhance core ABAC competencies while highlighting the role these individuals play in upholding our integrity culture and compliance obligations. The communication program aims to keep awareness high via ABB-specific lessons-learned stories (“Straight Talk”) published monthly, quarterly “Integrity on the Business Agenda” messages tailored for all employees to also aid in keeping awareness high, supplemented by specific business area messaging regarding these and broader integrity risks relevant to the business and how they are being managed.

Our business areas and divisions build on the success of these training modules to develop their own tailored learnings, adapted for and specific to roles and certain at-risk functions and geographies within each business. Straight Talk, an internal platform for sharing real-life integrity successes and failures, serves as a strong complement to our training program. This transparent communications tool consolidates lessons learned and supports our speak-up culture with regular messaging about our reporting channels.

[G1-3 21 (b)] At ABB, there are five “functions at-risk” with regard to bribery and corruption; they are set out in section G1-1 (“Business conduct trainings”) above. 100 percent of functions deemed most-at-risk of bribery and corruption have access to the learning program described above and are therefore covered by our training programs.

[G1-3 21 (c)] The Chief Integrity Officer provides integrity reports quarterly to the FACC, with periodic updates to the full Board and EC for learning and awareness purposes. All integrity training materials are available to employees, including management. Management regularly participates in the launch of bespoke learning campaigns (e.g., the CEO provides the introductory message to the antitrust e-learning), and in incorporating integrity messages during regular communications (e.g., quarterly earnings messages to all employees).

Facts & figures
Business conduct

[G1-4] INCIDENTS OF CORRUPTION OR BRIBERY

[G1-4 24 (a)] ABB has not been the subject of any convictions or fines for violation of anti-corruption and anti-bribery laws during the reporting period.

[G1-4 24 (b)] We investigate all reported potential breaches of our anti-bribery and anti-corruption procedures and standards. Any appropriate remedial measures are agreed internally, and completion of the same is tracked, pursuant to the Investigations Framework. Insights from such breaches are discussed regularly with management (e.g., in division reviews, monthly business reviews with the EC and with the FACC) and shared with all employees in published Straight Talk stories. For further information please see the section “Whistleblowing and reporting channels”, p. 129.

[G1-6] PAYMENT PRACTICES

[G1-6 33 (a)] We are dependent on our vendors/suppliers[13] and aim to ensure efficient payment processes and drive successful relationships with our third-party vendors. We have multiple policies and procedures to safeguard our processes related to the correct usage of purchase orders, onboarding and qualification of vendors and payment practices.

[G1-6 33 (b)] The average actual payment terms on invoices are 73 days. The share of payments made on time, based on the agreed upon terms, is 54 percent (and for small and medium-sized enterprises, SMEs, 53 percent). Payments are expected to be made in the next payment run after approval, with payment runs being performed on working days. We apply an internal grace period of three working days between payment execution and net due date. With the varied payment term landscape in use within ABB, the three-day internal grace period incorporates due dates falling on public holidays, time zone adjustments, bank transfer cut-off timing, etc. The share of payments made on time, including the internal grace period, is 88 percent (and for SMEs 87 percent). Payment practices are calculated based on the Group’s invoice management system. On average, we pay our vendors/suppliers within 79 days; for SMEs, the figure is 77 days.

[G1-6 33 (c)] At the end of fiscal year 2025, according to our internal dispute management tool, ABB had 5 legal proceedings outstanding for late payments to its suppliers, of which 5 have been contested by ABB.

[G1 MDR-M 77 (c)]

	2025	2024
Average number of days to pay invoice (all population)	79 days	
Average number of days to pay invoice (SMEs)	77 days	
Average Payment Term in number of days (all population)	73 days	
Average Payment Term in number of days (SMEs)	70 days	
Payments made on time - Percentage (all population)	54%	
Payments made on time - Percentage (SMEs)	53%	

Comparatives not shown unless already reported in the 2024 Sustainability report.

[13] Within ABB the term vendor is the commonly used terminology to cover both suppliers and vendors.

METHODOLOGY

[G1 MDR-M 77 (a)]

Anti-corruption and anti-bribery training

In recording the reported percentage of training participants, ABB assesses how many of the five functions at-risk have access to ABAC training modules. This is done via our Integrity Analytics Dashboard's underlying employee data, reflecting the accessibility of training for our workforce, as well as the relevant coverage of integrity training plans at the business area level.

Incidents of corruption and bribery

Any investigations concerning potential non-compliance of anti-corruption and anti-bribery laws are managed in ABB's case management system. Any such investigation that materializes into a government enforcement matter that could trigger a conviction is then logged in our dispute management system. Calculation is drawn from data, which is stored within these tools and collected via a Legal & Integrity internal questionnaire.

Payment practices

[G1-6 33 (d)] Our standard payment terms vary, based on the category of purchase, between local business units or the type of business, by region and by legal requirements. Payment runs are performed both on regular and case-by-case basis (standard and as-per-need scenarios) to facilitate timely payments as per our global standard terms. The payment process is monitored to ensure compliance (on completeness, approvals, timeliness etc.). We strive to align payments with the negotiated terms and to improve vendors' experience. A specialized team tracks on-time payment statistics to prevent late payments to vendors, with automatic dashboards to track performance and find areas for improvement. We are building visibility for payment execution through navigating internal processes and tools, minimizing the impact of delayed payments by prioritizing prompt and equitable payment processes, aligned with local and national requirements.

ABB defines an SME vendor as follows:

- a vendor with less than 250 employees;
- has either less than $50 million turnover or less than $43 million balance sheet;
- is not part of a global group where the above is not met; and
- is not classified as a state-owned company at Moody's.

To determine which vendors/suppliers are small or medium-sized, information is obtained from Moody's. If information is not available but the total ABB spend has been below $100 thousand in the last twelve months, the vendor/supplier is considered an SME. The metrics are not validated by another external body.

We report the average figures based on the invoices cleared in a reporting year (12 months rolling). The following assumptions as per calculation methodologies apply:

- We define the contractual or statutory payment term as the invoice due date received from the vendor.
- We define the payment of the invoice as the date of the clearing of the invoice.
- The due date of an invoice is calculated by adding invoice payment terms to document the date of an invoice.



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EU TAXONOMY: 2025 TABLES

ABB GROUP ECONOMIC ACTIVITIES 2025 IN ACCORDANCE WITH THE EU TAXONOMY

EU TAXONOMY – SUMMARY TABLE

Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (summary KPIs)

Financial year 2025					Environmental objective of Taxonomy aligned activities											
KPI	Total	Proportion of Taxonomy eligible activities	Taxonomy aligned activities	Proportion of Taxonomy aligned activities	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy aligned activities in previous financial year 2024 [1]	Proportion of Taxonomy aligned activities in previous financial year 2024 [1]
Text	($ in millions)	%	($ in millions)	%	%	%	%	%	%	%	%	%	%	($million)	%
Turnover	33,220	45%	394	1%	1%	0%	0%	0%	0%	0%	1%	0%	8%	<0.5	<0.5%
CapEx	1,519	37%	15	1%	1%	0%	0%	0%	0%	0%	1%	0%	9%	16	1%
OpEx	1,861	42%	4	<0.5%	<0.5%	0%	0%	0%	0%	0%	<0.5%	0%	7%	—	0%

Due to rounding, numbers presented may not add to the totals provided.

[1] The detailed 2024 aligned numbers are available in 2024 Sustainability Report following the pre "Omnibus" format.

ABB GROUP ECONOMIC ACTIVITIES 2025 IN ACCORDANCE WITH THE EU TAXONOMY

EU TAXONOMY - TURNOVER

Proportion of turnover from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)

Reported KPI (Turnover)			Turnover												
Financial year 2025						Environmental objective of Taxonomy aligned activities									
Economic activities	Text	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible Turnover)	Taxonomy aligned KPI (monetary value of Turnover)	Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover)	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible
			%	($ in millions)	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
3.6 Manufacture of other low-carbon technologies		CCM 3.6	4%	—	0%	0%						E		0%
3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation		CCM 3.20	34%	365	1%	1%						E		3%
4.9 Transmission and distribution of electricity		CCM 4.9	<0.5%	29	<0.5%	<0.5%						E		100%
7.6 Installation, maintenance and repair of renewable energy technologies		CCM 7.6	<0.5%	<0.5	<0.5%	<0.5%						E		100%
1.2 Manufacture of electrical and electronic equipment		CE 1.2	6%	—	0%				0%					0%
Sum of Alignment per objective						**1%**	**0%**	**0%**	**0%**	**0%**	**0%**			
Total Turnover KPI			**45%**	**394**	**1%**	**1%**	**0%**	**0%**	**0%**	**0%**	**0%**	**1%**	**0%**	**3%**

Due to rounding, numbers presented may not add to the totals provided.

ABB GROUP ECONOMIC ACTIVITIES 2025 IN ACCORDANCE WITH THE EU TAXONOMY

EU TAXONOMY - CAPEX

Proportion of CapEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)

Reported KPI (CapEx)		CapEx												
Financial year 2025					Environmental objective of Taxonomy aligned activities									
Economic activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible CapEx)	Taxonomy aligned KPI (monetary value of CapEx)	Taxonomy aligned KPI (Proportion of Taxonomy aligned CapEx)	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible
Text	Code	%	($ in millions)	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
3.6 Manufacture of other low-carbon technologies	CCM 3.6	<0.5%	—	0%	0%						E		0%
3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	19%	6	<0.5%	<0.5%						E		2%
4.9 Transmission and distribution of electricity	CCM 4.9	<0.5%	<0.5	<0.5%	<0.5%						E		4%
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1%	—	0%	0%						E		0%
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4	<0.5%	1	<0.5%	<0.5%						E		93%
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	<0.5%	<0.5	<0.5%	<0.5%						E		54%
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	<0.5%	3	<0.5%	<0.5%						E		88%
7.7 Acquisition and ownership of buildings	CCM 7.7	13%	6	<0.5%	<0.5%								3%
1.2 Manufacture of electrical and electronic equipment	CE 1.2	3%	—	0%				0%					0%
Sum of Alignment per objective					**1%**	**0%**	**0%**	**0%**	**0%**	**0%**			
Total CapEx KPI		**37%**	**15**	**1%**	**1%**	**0%**	**0%**	**0%**	**0%**	**0%**	**1%**	**0%**	**3%**

Due to rounding, numbers presented may not add to the totals provided.

ABB GROUP ECONOMIC ACTIVITIES 2025 IN ACCORDANCE WITH THE EU TAXONOMY

EU TAXONOMY - OPEX

Proportion of OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)

Reported KPI (OpEx)			OpEx												
Financial year 2025						Environmental objective of Taxonomy aligned activities									
Economic activities	Text	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible OpEx)	Taxonomy aligned KPI (monetary value of OpEx)	Taxonomy aligned KPI (Proportion of Taxonomy aligned OpEx)	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible
			%	($ in millions)	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
3.6 Manufacture of other low-carbon technologies		CCM 3.6	3%	—	0%	0%						E		0%
3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation		CCM 3.20	33%	4	<0.5%	<0.5%						E		1%
4.9 Transmission and distribution of electricity		CCM 4.9	<0.5%	<0.5	<0.5%	<0.5%						E		4%
7.6 Installation, maintenance and repair of renewable energy technologies		CCM 7.6	<0.5%	<0.5	<0.5%	<0.5%						E		0%
1.2 Manufacture of electrical and electronic equipment		CE 1.2	6%	—	0%				0%					0%
Sum of Alignment per objective						**<0.5%**	**0%**	**0%**	**0%**	**0%**	**0%**			
Total OpEx KPI			**42%**	**4**	**<0.5%**	**<0.5%**	**0%**	**0%**	**0%**	**0%**	**0%**	**<0.5%**	**0%**	**1%**

Due to rounding, numbers presented may not add to the totals provided.

SWISS CODE OF OBLIGATIONS CONTENT INDEX

This Sustainability Report also covers the reporting requirements as defined under Art. 964a ss. of the Swiss Code of Obligations (CO). For easy reference, please find below a table with links to the relevant sections:

	Page Reference
Swiss CO - Art. 964b paragraph 2	
1 Description of the business model	Sustainability at ABB -> Strategic approach to sustainability (p. 23) More about the ABB's business model is available in the Financial Report 2025 -> Financial review of ABB Group -> About ABB, Organizational structure, History of the ABB Group, ABB Today, and Businesses.
2 Materiality assessment	Double Materiality Assessment (p. 28)
3 Description of policies adopted in relation to:	
• Environmental issues, including CO_2 goals	Sustainability at ABB -> Sustainability-related policies (p. 39)
• Social issues	Sustainability at ABB -> Sustainability-related policies (p. 39)
• Employee-related issues	Sustainability at ABB -> Sustainability-related policies (p. 39)
• Respect for human rights	Sustainability at ABB -> Sustainability-related policies (p. 39) Responsibility for our employees -> Employee-related policies (p. 98) Social protection in the value chain -> Supplier-related policies (p. 112)
• Combatting corruption	Sustainability at ABB -> Sustainability-related policies (p. 39) Governance -> Anti-corruption and anti-bribery (p. 135)
4 Presentation of the measures taken to implement these policies and an assessment of the effectiveness of these measures	Protecting the climate -> Management of climate change (p. 64) Committing to Circularity -> Circularity management (p. 79) Water management at ABB -> Water-related actions (p. 87) Responsibility for our employees -> Employee-related actions (p. 101) Social protection in the value chain -> Actions for workers in the value chain (p. 117) Protecting vulnerable communities -> Taking action in communities (p. 123) Good business conduct (p. 128)
5 Description of the main risks related to the matters referred above and how ABB is dealing with these risks, in particular:	
a. Risks that arise from ABB's own business operations, and	Sustainability at ABB -> Material impacts, risks, and opportunities (p. 27)
b. Risks that arise from ABB's business relationships, products or services (to the extent relevant and proportionate)	Sustainability at ABB -> Material impacts, risks, and opportunities (p. 27)
6 The main performance indicators for ABB's activities in relation to the matters referred to above	Protecting the climate (p. 51) Committing to Circularity (p. 77) Water management at ABB (p. 86) Responsibility for our employees (p. 97) Social protection in the value chain (p. 112) Good business conduct (p. 128) ABB has not set performance indicators in relation to 'Protecting vulnerable communities' and 'Protecting consumers'.

	Page Reference
Swiss CO - Art. 964j and the Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labor	
Conflict Minerals	Other reporting principles-> Swiss Code of Obligations (p. 13)
Child labor	Other reporting principles-> Swiss Code of Obligations (p. 13)
Swiss CO – Ordinance on Climate Disclosures	
We fulfill the Swiss Ordinance on Climate Disclosures via relevant ESRS sections; please refer to the ESRS Index table for disclosures under ESRS E-1. Certain disclosures, primarily the risk quantification, are not yet reported.	

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LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

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ESRS 2 GOV-1	21 (e)	Percentage of Board members who are independent	p. 16	BRR
ESRS 2 GOV-4	30	Statement on due diligence	p. 20	SFDR
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	not material	SFDR, P3, BRR
ESRS 2 SBM-1	41 (d) ii	Involvement in activities related to chemical production	not material	SFDR, BRR
ESRS 2 SBM-1	42 (d) iii	Involvement in activities related to controversial weapons	not material	SFDR, BRR
ESRS 2 SBM-1	43 (d) iv	Involvement in activities related to cultivation and production of tobacco	not material	BRR
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050	p. 51	EUCL
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned benchmarks	p. 56	P3, BRR
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ESRS E1-5	37	Energy consumption and mix	p. 66	SFDR
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ESRS E1-6	44	Gross scope 1, 2, 3 and total GHG emissions	p. 67	SFDR, P3, BRR
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ESRS reference		Name	Location	Legislation
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, §28	not material	SFDR
ESRS E3-1	9	Water and marine resources	not material	SFDR
ESRS E3-1	13	Dedicated policy	p. 86	SFDR
ESRS E3-1	14	Sustainable oceans and seas	not material	SFDR
ESRS E3-4	28 (c)	Total water recycled and reused	not material	SFDR
ESRS E3-4	29	Total water consumption in m^3 per net revenue on own operations	not material	SFDR
ESRS 2- SBM 3 - E4	16 (a) i	Activities negatively affecting biodiversity-sensitive areas	not material	SFDR
ESRS 2- SBM 3 - E4	16 (b)	Land degradation, desertification or soil sealing	not material	SFDR
ESRS 2- SBM 3 - E4	16 (c)	Threatened species	not material	SFDR
ESRS E4-2	24 (b)	Sustainable land/agriculture practices or policies	not material	SFDR
ESRS E4-2	24 (c)	Sustainable oceans/seas practices or policies	not material	SFDR
ESRS E4-2	24 (d)	Policies to address deforestation	not material	SFDR
ESRS E5-5	37 (d)	Non-recycled waste	p. 83	SFDR
ESRS E5-5	39	Hazardous waste and radioactive waste	p. 83	SFDR
ESRS 2 SBM-3 - S1	14 (f)	Risk of incidents of forced labor	p. 97	SFDR
ESRS 2 SBM-3 - S1	14 (g)	Risk of incidents of child labor	not material	SFDR
ESRS S1-1	20	Human rights policy commitments	p. 98	SFDR
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	p. 98	BRR
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	not material	SFDR
ESRS S1-1	23	Workplace accident prevention policy or management system	p. 98	SFDR
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	p. 100	SFDR

ESRS reference		Name	Location	Legislation
ESRS S1-14	88 (b), (c)	Number of fatalities and number and rate of work-related accidents	p. 107	SFDR, BRR
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	p. 107	SFDR
ESRS S1-16	97 (a)	Unadjusted gender pay gap	p. 108	SFDR, BRR
ESRS S1-16	97 (b)	Excessive CEO pay ratio	p. 108	SFDR
ESRS S1-17	103 (a)	Incidents of discrimination	p. 108	SFDR
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	p. 108	SFDR, BRR
ESRS 2 SBM-3 – S2	11 (b)	Significant risk of child labor or forced labor in the value chain	p. 112	SFDR
ESRS S2-1	17	Human rights policy commitments	p. 113	SFDR
ESRS S2-1	18	Policies related to value chain workers	p. 113	SFDR
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	phase-in provision applied	SFDR, BRR
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	p. 113	BRR
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	p. 119	SFDR
ESRS S3-1	16	Human rights policy commitments	p. 121	SFDR
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	phase-in provision applied	SFDR, BRR
ESRS S3-4	36	Human rights issues and incidents	phase-in provision applied	SFDR
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ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	phase-in provision applied	SFDR, BRR
ESRS S4-4	35	Human rights issues and incidents	phase-in provision applied	SFDR
ESRS G1-1	10 (b)	United Nations Convention against Corruption	p. 129	SFDR
ESRS G1-1	10 (d)	Protection of whistleblowers	p. 129	SFDR
ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	p. 137	SFDR, BRR
ESRS G1-4	24 (b)	Standards of anti-corruption and anti-bribery	p. 137	SFDR

GRI DISCLOSURE INDEX

GRI	Disclosure	ESRS Datapoint	Location of disclosure
GRI 2: General Disclosures 2021	2-2 Entities included in the organization's sustainability reporting	ESRS 2 BP-1 5 (a) and (b) i	Sustainability at ABB -> Approach to reporting (p. 11)
	2-4 Restatements of information	ESRS 2 BP-2 13 and 14 (a) to (b)	Sustainability at ABB -> Other reporting principles (p. 12)
	2-6 Activities, value chain and other business relationships	ESRS 2 SBM-1 40 (a) i - ii and (a) iv, (b), 42 (c)	Sustainability at ABB -> Strategic approach to sustainability (p. 23)
	2-7 Employees	ESRS 2 SBM-1 40 (a) iii; S1-6 50 (a) - (b) and (d) - (e)	Responsibility for our employees -> Facts & figures Own employees (p. 105)
	2-9 Governance structure and composition	ESRS 2 GOV-1 21, 22 (a), 23 (a) and (b); G1 GOV-1 5 (b)	Sustainability at ABB -> Governance of sustainability at ABB (p. 14) Good business conduct -> Role of the administrative, supervisory an management bodies (p. 128)
	2-12 Role of the highest governance body in overseeing the management of impacts	ESRS 2 GOV-1 22 (c); ESRS 2 GOV-2 26 (a) - (b); ESRS 2 SBM-2 45 (d); G1 GOV-1 5 (a)	Sustainability at ABB -> Governance of sustainability at ABB (p. 14) Sustainability at ABB -> Sustainability as a management topic (p. 18) Sustainability at ABB -> Stakeholder engagement (p. 26) Good business conduct -> Role of the administrative, supervisory an management bodies (p. 128)
	2-13 Delegation of responsibility for managing impacts	ESRS 2 GOV-1 22 (c) i - ii; ESRS 2 GOV-2 26 (a)	Sustainability at ABB -> Governance of sustainability at ABB (p. 14) Sustainability at ABB -> Sustainability as a management topic (p. 18)
	2-14 Role of the highest governance body in sustainability reporting	ESRS 2 IRO-1 53 (d)	Sustainability at ABB -> Double Materiality Assessment (p. 29)
	2-16 Communication of critical concerns	ESRS 2 GOV-2 26 (a); G1-3 18 (c)	Sustainability at ABB -> Sustainability as a management topic (p. 18) Good business conduct -> Anti-corruption and anti-bribery (p. 135)

GRI	Disclosure	ESRS Datapoint	Location of disclosure
	2-17 Collective knowledge of the highest governance body	ESRS 2 GOV-1 23	Sustainability at ABB -> Governance of sustainability at ABB (p. 17)
	2-19 Remuneration policies	E1 GOV-3 13; ESRS 2 GOV-3 29 (a) - (c)	Sustainability at ABB -> Incentives for sustainability (p. 20) Sustainability at ABB -> Incentives for sustainability (p. 19)
	2-20 Process to determine remuneration	ESRS 2 GOV-3 29 (e)	Sustainability at ABB -> Incentives for sustainability (p. 19)
	2-21 Annual total compensation ratio	S1-16 97 (b) - (c)	Responsibility for our employees -> Facts & figures Own employees (p. 108)
	2-22 Statement on sustainable development strategy	ESRS 2 SBM-1 40 (g)	Sustainability at ABB -> Strategic approach to sustainability (p. 23)
	2-23 Policy commitments	ESRS 2 GOV-4; ESRS 2 MDR-P 65 (b) - (c) and (f); S1-1 19-21, 24 (c); S2-1 17 and 19; S3-1 16 and 17	Sustainability at ABB -> Due diligence (p. 20) Sustainability at ABB -> Sustainability-related policies (p. 39) Responsibility for our employees -> Employee-related policies (p. 98) Social protection in the value chain -> Supplier-related policies (p. 113) Protecting vulnerable communities -> Community-related policies (p. 121) Sustainability at ABB -> Sustainability as a management topic (p. 18)
	2-24 Embedding policy commitments	ESRS 2 GOV-2 26 (b); ESRS 2 MDR-P 65 (c); G1-1 9 and 10 (g)	Sustainability at ABB -> Sustainability-related policies (p. 39) Good business conduct -> Business conduct-related policies (p. 129) Good business conduct -> Business conduct-related policies (p. 131)

GRI	Disclosure	ESRS Datapoint	Location of disclosure
	2-25 Processes to remediate negative impacts	S1-1 20 (c); S1-3 32 (a) - (e) and 33; S2-1 17 (c); S2-3 27 (a) - (d), 28; S2-4 33 (c); S3-1 16 (c); S3-3 27 (a)	Responsibility for our employees-> Employee-related policies (p. 98); Responsibility for our employees-> Channels available to raise concerns (p. 100) Social protection in the value chain -> Supplier-related policies (p. 113) Social protection in the value chain -> Channels available to raise concerns (p. 115) Social protection in the value chain -> Actions for workers in the value chain (p. 118) Protecting vulnerable communities -> Community-related policies (p. 121) Protecting vulnerable communities -> Channels available to raise concerns (p. 122)
	2-26 Mechanisms for seeking advice and raising concerns	G1-1 10 (a); G1-3 18 (a)	Good business conduct -> Business conduct-related policies (p. 129) Good business conduct -> Anti-corruption and anti-bribery (p. 135)
	2-27 Compliance with laws and regulations	ESRS 2 SBM-3 48 (d); S1-17 103 and 104 (b); G1-4 24 (a)	Sustainability at ABB -> Material impacts, risks and opportunities (p. 28) Responsibility for our employees -> Facts & figures Own employees (p. 108) Good business conduct -> Facts & figures Business conduct (p. 137)
	2-29 Approach to stakeholder engagement	ESRS 2 SBM-2 45 (a) i to (a) v; S1-1 20 (b); S1-2 27 (e) and 28 S2-1 17 (b); S2-2 22 (e) and 23 S3-1 16 (b)	Sustainability at ABB -> Stakeholder engagement (p. 24) Responsibility for our employees -> Involving employees (p. 98) Social protection in the value chain -> Supplier-related policies (p. 113) Social protection in the value chain -> Engaging with value chain workers (p. 114) Protecting vulnerable communities -> Community-related policies (p. 121)
	2-30 Collective bargaining agreements	S1-8 60 (a)	Responsibility for our employees -> Facts & figures Own employees (p. 106)

GRI	Disclosure	ESRS Datapoint	Location of disclosure
GRI 3: Material Topics 2021	3-1 Process to determine material topics	ESRS 2 IRO-1 53 (b) ii - iv	Sustainability at ABB -> Double Materiality Assessment (p. 28)
	3-2 List of material topics	ESRS 2 SBM-3 48 (a) and (g)	Sustainability at ABB -> Material impacts, risks and opportunities (p. 27) Sustainability at ABB -> Strategic approach to sustainability (p. 23)
	3-3 Management of material topics	ESRS 2 SBM-1 40 (e); ESRS 2 SBM-3 48 (c) i and iv; ESRS 2 MDR 62 and MDR-P 65 (a); ESRS 2 MDR 62 and MDR-A 68 (a) and (d); ESRS 2 MDR-M 72, 75; MDR 72, MDR-T 80 (b) and (j), 81 (a) - (b); ESRS 2 BP-2 17 (b) - (e); S1-2 27; S1-4 39; S1-5 7 (b) - (c); S2-2 22; S2-4 33	Sustainability at ABB -> Material impacts, risks and opportunities (p. 27) Sustainability at ABB -> Sustainability-related targets (p. 48) Responsibility for our employees -> Involving employees (p. 98) Responsibility for our employees -> Employee-related actions (p. 101) Responsibility for our employees -> Own workforce-related targets (p. 100) Social protection in the value chain -> Engaging with value chain workers (p. 114) Social protection in the value chain -> Actions for workers in the value chain (p. 117)
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	ESRS 2 SBM-1 40 (e); ESRS 2 SBM-3 48 (c) i and iv; ESRS 2 MDR-P/A 62, MDR-P 65 (a); MDR-A §68 (a) and (d); ESRS 2 MDR-M 72, 75; ESRS 2 MDR-T 72, 80 (b) and (j), 81 (a) to (b); ESRS 2 BP-2 17 (b) to (e); S1-2 27; S1-4 39; S1-5 47 (b) to (c); S2-2 22; S2-4 33	Sustainability at ABB -> Strategic approach to sustainability (p. 23) Sustainability at ABB -> Material impacts, risks and opportunities (p. 27) Sustainability at ABB -> Sustainability-related targets (p. 48) Responsibility for our employees -> Involving employees (p. 98) Responsibility for our employees -> Employee-related actions (p. 101) Responsibility for our employees -> Own workforce-related targets (p. 100) Social protection in the value chain -> Engaging with value chain workers (p. 114) Social protection in the value chain -> Actions for workers in the value chain (p. 117)

GRI	Disclosure	ESRS Datapoint	Location of disclosure
	101-6 Direct drivers of biodiversity loss	E2 IRO-1 AR 9; E3-4 28 (e); E3 AR29	Sustainability at ABB -> Double materiality assessment -> DMA update 2025 (p. 30) Water management at ABB -> Facts & figures water (p. 88)
	101-8 Ecosystem services	S3 SBM-3 9 (a) and (c)	Protecting vulnerable communities ->Impacts and opportunities (p. 121)
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	ESRS 2 SBM-1 40 (b)	Sustainability at ABB -> Strategic approach to sustainability (p. 23)
	201-2 Financial implications and other risks and opportunities due to climate change	ESRS 2 SBM-3 48 (a) and (d); E1 SBM-3 18	Sustainability at ABB -> Material impacts, risks and opportunities (p. 27) Protecting the climate -> Climate risks: physical and transitional (p. 57)
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	S1-10 69 - 70 and AR72 -73	Responsibility for our employees -> Facts & figures Own employees (p. 107)
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	G1-3 20, 21 (b) and (c)	Good business conduct -> Business conduct-related policies (p. 129) Good business conduct -> Anti-corruption and anti-bribery (p. 136)
GRI 301: Materials 2016	301-1 Materials used by weight or volume	E5-4 31 (a)	Committing to circularity -> Facts & figures Resource use and circular economy (p. 81)
	301-2 Recycled input materials used	E5-4 31 (c)	Committing to circularity -> Facts & figures Resource use and circular economy (p. 81)
GRI 302: Energy 2016	302-1 Energy consumption within the organization	E1-5 37 and 38	Protecting the climate -> Facts & figures Energy (p. 66)
	302-3 Energy intensity	E1-5 40	Protecting the climate -> Facts & figures Energy (p. 67)
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	E3 SBM-3 48 (c) i and iv; E3 IRO-1 8 (a) and (b); E3-3 25	Sustainability at ABB -> Material impacts, risks and opportunities (p. 27) Water management at ABB -> Water as a material topic (p. 86) Water management at ABB -> Water-related targets (p. 87)
	303-5 Water consumption	E3-4 28 (b) and (e)	Water management at ABB -> Facts & figures Water (p. 87)
GRI 305: Emissions 2016	305-1 Direct (scope 1) GHG emissions	E1-6 44; E1 AR25 (b); E1 AR39 (b); E1 AR43 (c)	Protecting the climate -> Greenhouse gas emissions (p. 68) Protecting the climate -> Greenhouse gas emissions (p. 63)

GRI	Disclosure	ESRS Datapoint	Location of disclosure
			Protecting the climate -> Greenhouse gas emissions (p. 69)
	305-2 Energy indirect (scope 2) GHG emissions	E1-6 44; E1 AR25 (b); E1 AR39 (b); E1 AR45 (d)	Protecting the climate -> Greenhouse gas emissions (p. 68) Protecting the climate -> Greenhouse gas emissions (p. 63) Protecting the climate -> Greenhouse gas emissions (p. 69)
	305-3 Other indirect (scope 3) GHG emissions	E1-6 44; E1 AR25 (b); E1 AR39 (b); E1 AR45 (j); E1 AR46 (d), (g), (h), (i)	Protecting the climate -> Greenhouse gas emissions (p. 69) Protecting the climate -> Greenhouse gas emissions (p. 63) Protecting the climate -> Greenhouse gas emissions (p. 69)
	305-4 GHG emissions intensity	E1-6 53	Protecting the climate -> Greenhouse gas emissions (p. 69)
	305-5 Reduction of GHG emissions	E1-3 29 (b); E1-4 34 (a) - (c); E1 AR25 (b)	Protecting the climate -> Management of climate change (p. 64) Protecting the climate -> Climate change-related targets (p. 62) Protecting the climate -> Climate change-related targets (p. 63)
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	E5 SBM-3 48 (a), (c) ii and iv; E5-4 30	Sustainability at ABB -> Material impacts, risks and opportunities (p. 27) Commiting to circularity -> Facts & figures Resource use and circular economy (p. 81)
	306-2 Management of significant waste-related impacts	E5-2 19; E5-5 40	Commiting to circularity -> Circularity management (p. 79) Commiting to circularity -> Facts & figures Resource use and circular economy (p. 84)
	306-3 Waste generated	E5-5 37 (a), 38 - 40	Commiting to circularity -> Facts & figures Resource use and circular economy (p. 83) Commiting to circularity -> Facts & figures Resource use and circular economy (p. 82) Commiting to circularity -> Facts & figures Resource use and circular economy (p. 84)

GRI	Disclosure	ESRS Datapoint	Location of disclosure
	306-4 Waste diverted from disposal	E5-5 37 (b) and (c), 38 and 40	Commiting to circularity -> Facts & figures Resource use and circular economy (p.78) Commiting to circularity -> Facts & figures Resource use and circular economy (p.77) Commiting to circularity -> Facts & figures Resource use and circular economy (p.79)
	306-5 Waste directed to disposal	E5-5 37 (c), 38 and 40	Commiting to circularity -> Facts & figures Resource use and circular economy (p. 83) Commiting to circularity -> Facts & figures Resource use and circular economy (p. 82) Commiting to circularity -> Facts & figures Resource use and circular economy (p. 84)
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	G1-2 15 (b)	Good business conduct -> Management of supplier relationships (p. 133)
	308-2 Negative environmental impacts in the supply chain and actions taken	S2 SBM-3 48 (c) i and iv	Sustainability at ABB -> Material impacts, risks and opportunities (p. 27)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	S1-6 50 (c)	Responsibility for our employees -> Facts & figures Own employees (p. 105)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	S1-1 23	Responsibility for our employees -> Employee-related policies (p. 98)
	403-2 Hazard identification, risk assessment, and incident investigation	S1-3 32 (b) and 33	Responsibility for our employees -> Channels available to raise concerns (p. 100)
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	S2 S2-4 32 (a)	Social protection in the value chain -> Actions for workers in the value chain (p. 117)
	403-8 Workers covered by an occupational health and safety management system	S1-14 88 (a)	Responsibility for our employees -> Facts & figures Own employees (p. 107)
	403-9 Work-related injuries	S1-4, 38 (a); S1-14 88 (b) - (c) and (e); S1 AR82	Responsibility for our employees -> Employee-related actions (p. 101) Responsibility for our employees -> Facts & figures Own employees (p. 107)
	403-10 Work-related ill health	S1-4, 38 (a); S1-14 88 (b) and (d); S1 AR82	Responsibility for our employees -> Employee-related actions (p. 101) Responsibility for our employees -> Facts & figures Own employees (p. 107)

GRI	Disclosure	ESRS Datapoint	Location of disclosure
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	G1 GOV-1 21 (d); S1-6 50 (a); S1-9 66 (a) and (b)	Sustainability at ABB -> Governance of sustainability at ABB (p. 16) Responsibility for our employees -> Facts & figures Own employees (p. 105) Responsibility for our employees -> Facts & figures Own employees (p. 106)
	405-2 Ratio of basic salary and remuneration of women to men	S1-16 97	Responsibility for our employees -> Facts & figures Own employees (p. 108)
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	S1-17 103 (a), S1 AR103	Responsibility for our employees -> Facts & figures Own employees (p. 108)
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	S2 SBM-3 11 (b); S2-1 18	Social protection in the value chain -> Involvement of value chain workers (p. 112) Social protection in the value chain -> Supplier-related policies (p. 113)
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	S2 SBM-3 11 (b); S2-1 18	Social protection in the value chain -> Involvement of value chain workers (p. 112) Social protection in the value chain -> Supplier-related policies (p. 113)
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	S3-1 16 (c)	Protecting vulnerable communities -> Community-related policies (p. 121)
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	S3 SBM-3 48 (c) i and iv; S3 AR17; S3 SBM-3 9 (a) i, (b)	Sustainability at ABB -> Material impacts, risks and opportunities (p. 27) Protecting vulnerable communities -> Impacts and opportunities (p. 121)
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	G1-2 15 (b)	Good Business Conduct -> Management of supplier relationships (p. 133)
	414-2 Negative social impacts in the supply chain and actions taken	S2 SBM-3 48 (c) i and iv	Sustainability at ABB -> Material impacts, risks and opportunities (p. 27)

ISSB DISCLOSURE INDEX

ISSB Standards	Description	ESRS Datapoint	Location of disclosure
GOVERNANCE			
IFRS S2.6(a)(i) IFRS S2.6(a)(ii) IFRS S2.6(a)(iii) IFRS S2.6(a)(iv) IFRS S2.6(a)(v)	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about: (i) how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s); (ii) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate related risks and opportunities; (iii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; (iv) how the body(s) or individual(s) takes into account climate related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and (v) how the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies).	ESRS 2 22 (a) ESRS 2 22 (b) ESRS 2 23 ESRS 2 26 (a) ESRS 2 26 (b) ESRS 2 22 (d)	Sustainability at ABB -> Governance of sustainability at ABB (p. 14) Sustainability at ABB -> Governance of sustainability at ABB (p. 17) Sustainability at ABB -> Sustainability as a management topic (p. 18) Sustainability at ABB -> Double Materiality Assessment (p. 28)
IFRS S1.21(b)	The connections between disclosures provided by the entity: (i) within its sustainability-related financial disclosures—such as connections between disclosures on governance, strategy, risk management and metrics and targets; and (ii) across its sustainability-related financial disclosures and other general purpose financial reports published by the entity—such as its related financial statements.	ESRS 2 29 (b)-(c) E1 GOV-3 13 ESRS 1 124*	Sustainability at ABB -> Incentives for sustainability (p. 19)
IFRS S2.6(b) IFRS S2.6(b)(i) IFRS S2.6(b)(ii)	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	ESRS 2 22 (c) ESRS 2 22 (c) (i) ESRS 2.22 (c) (iii)	Sustainability at ABB -> Governance of sustainability at ABB (p. 14)
STRATEGY			
Climate-related risks and opportunities			
IFRS S2.10(a)	Climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.	ESRS 2 48 (a)	Sustainability at ABB -> Material impacts, risks, and opportunities (p. 27) Sustainability at ABB -> Double Materiality Assessment (p. 32)
IFRS S2.10(b)	For each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk.	E1 SBM-3 18	Protecting the climate -> Climate risks: physical and transition (p. 57)
IFRS S2.10(d)	How the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	ESRS 1 77 (a)-(c)* ESRS 1 78* ESRS 1 80* E1 AR11 (b) ESRS 2 9 (a)-(b)	Sustainability at ABB -> Other reporting principles (p. 12) Environmental information -> Climate change as a material topic (p. 59)
Business model and value chain			
IFRS S2.13(a)	A description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain.	ESRS 2 48 (b)	Sustainability at ABB -> Material impacts, risks, and opportunities (p. 27)

ISSB Standards	Description	ESRS Datapoint	Location of disclosure
			Sustainability at ABB -> Double Materiality Assessment (p. 32)
IFRS S2.13(b)	A description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	ESRS 2 48 (a)	Sustainability at ABB -> Material impacts, risks, and opportunities (p. 27) Sustainability at ABB -> Double Materiality Assessment (p. 32)
Strategy and decision-making			
IFRS S2.14(a)(i) IFRS S2.14(a)(ii) IFRS S2.14(a)(iii) IFRS S2.14(a)(iv)	How the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation, including the information about: (i) Current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities (for example, these changes could include plans to manage or decommission carbon-, energy- or water-intensive operations; resource allocations resulting from demand or supply-chain changes; resource allocations arising from business development through capital expenditure or additional expenditure on research and development; and acquisitions or divestments). (ii) Current and anticipated direct mitigation and adaptation efforts (for example, through changes in production processes or equipment, relocation of facilities, workforce adjustments, and changes in product specifications). (iii) Current and anticipated indirect mitigation and adaptation efforts (for example, through working with customers and supply chains). (iv) Any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies. (v) How the entity plans to achieve any climate related targets, including any greenhouse gas emissions targets.	ESRS 2 48 (b) E1 AR8 (b) ESRS 2 68 (b) E1-3 28 E1-1 16 (a)-(i) ESRS 2 69 (a)-(b)	Sustainability at ABB -> Material impacts, risks, and opportunities (p. 27) Sustainability at ABB -> Double Materiality Assessment (p. 32) Protecting the climate -> Toward a low-carbon society (p. 51) Protecting the climate -> Management of climate change (p. 65)
IFRS S2.14(a)(v)	How the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets.	ESRS 2 69 (a)	Protecting the climate -> Toward a low-carbon society (p. 55) Protecting the climate -> Management of climate change (p. 65)
IFRS S2.14(b)	Information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a).	ESRS 2 69 (a)	Protecting the climate -> Toward a low-carbon society (p. 55) Protecting the climate -> Management of climate change (p. 65)
IFRS S2.14(c)	Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).	E1-1 16 (j)	Protecting the climate -> Toward a low-carbon society (p. 56)
Financial position, financial performance and cash flows			
IFRS S2.15(a)	The effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects)	ESRS 2 48 (d)	Sustainability at ABB -> Material impacts, risks, and opportunities (p. 28) Sustainability at ABB -> Double Materiality Assessment (p. 32)
IFRS S2.16(a)	How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period.	ESRS 2 48 (d) ESRS Annex II, Table 2 (Terms defined in the ESRS): current financial effects	Sustainability at ABB -> Material impacts, risks, and opportunities (p. 28) Sustainability at ABB -> Double Materiality Assessment (p. 32)
IFRS S2.16(b)	The climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	ESRS 2 48 (d)	Sustainability at ABB -> Material impacts, risks, and opportunities (p. 28) Sustainability at ABB -> Double Materiality Assessment (p. 32)
IFRS S2.17**	In providing quantitative information, an entity may disclose a single amount or a range.	E1 AR73 (a)	Protecting the climate -> Physical and transition climate risks and opportunities (p. 76)
Climate resilience			
IFRS S2.22(a)(i) IFRS S2.22(a)(ii) IFRS S2.22(a)(iii)(1-3	The entity's assessment of its climate resilience as at the reporting date, including the information about: (i) The implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis. (ii) The significant areas of uncertainty considered in the entity's assessment of its climate resilience. (iii) The entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term, including: (1) The availability of, and flexibility in, the entity's existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate related risks and to take advantage of climate related opportunities. (2) The entity's ability to redeploy, repurpose, upgrade or decommission existing assets.	E1 SBM-3 19 E1 SBM-3 19 (c) E1 AR8 E1 AR8 (b)	Protecting the climate -> Climate risk and opportunity assessment (p. 59)

ISSB Standards	Description	ESRS Datapoint	Location of disclosure
	(3) The effect of the entity's current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience		
IFRS S2.22(b)(i)	How and when the climate-related scenario analysis was carried out, including the information about:	E1 SBM-3 19 (a)-(c)	Protecting the climate -> Climate risk and opportunity assessment (p. 57)
IFRS S2.22(b)(i)(2)	(i) The inputs the entity used, including:	E1 IRO-1 21	
IFRS S2.22(b)(i)(3)	(1) Which climate-related scenarios the entity used for the analysis and the sources of those scenarios.	E1 AR11 (d)	Protecting the climate ->-Climate change as a material topic (p. 59)
IFRS S2.22(b)(i)(4)	(2) Whether the analysis included a diverse range of climate related scenarios.	E1 AR12 (c)	
IFRS S2.22(b)(i)(6)	(3) Whether the climate-related scenarios used for the analysis are associated with climate-related transition	E1 IRO-1 21	
IFRS S2.22(b)(i)(7)	risks or climate-related physical risks.	E1 AR11 (d)	
IFRS S2.22(b)(iii)	(4) Whether the entity used, among its scenarios, a climate-related scenario aligned with the latest international	E1 AR12 (c)	
	agreement on climate change.	E1 IRO-1 20 (c) (i)	
	(6) The time horizons the entity used in the analysis.	E1 AR12 (c)	
	(7) What scope of operations the entity used in the analysis (for example, the operating locations and business	E1 AR7 (b)	
	units used in the analysis).	E1 SBM-3 19 (a)	
	(iii) The reporting period in which the climate-related scenario analysis was carried out.		
IFRS S2.22(b)(ii)	The key assumptions the entity made in the analysis, including assumptions about:		Protecting the climate -> Climate change as a material topic (p. 59)
	(1) climate-related policies in the jurisdictions in which the entity operates; (2) macroeconomic trends; (3) national- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources); (4) energy usage and mix; and (5) developments in technology.		
IFRS S2.22(b)(iii)	The reporting period in which the climate-related scenario analysis was carried out	E1 SBM-3 19 (b)	Protecting the climate -> Climate risk and opportunity assessment (p. 57)
IFRS S1.23	Data and assumptions used in preparing the sustainability-related financial disclosures shall be consistent—to the extent possible considering the requirements of IFRS Accounting Standards or other applicable GAAP—with the corresponding data and assumptions used in preparing the related financial statements (see paragraph B42).	E1 AR15	Protecting the climate ->-Climate change as a material topic (p. 59)
RISK MANAGEMENT			
IFRS S2.25(a)(i)	The processes and related policies the entity uses to identify, assess, prioritize and monitor climate-related risks,	E1 IRO-1 20	Sustainability at ABB -> Double Materiality Assessment (p. 29)
IFRS S2.25(a)(ii)	including information about:	E1-2 24	Sustainability at ABB -> Sustainability-related policies (p. 39)
IFRS S2.25(a)(iii)	(i) The inputs and parameters the entity uses (for example, information about data sources and the scope of	ESRS 2 53 (g)	Protecting the climate ->-Climate change as a material topic (p. 59)
IFRS S2.25(a)(iv)	operations covered in the processes).	E1 IRO-1 21	
IFRS S2.25(a)(v)	(ii) Whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related	ESRS 2 53 (c) (ii)	
IFRS S2.25(a)(vi)	risks.	ESRS 2 53 (c) (iii)	
	(iii) How the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example,	ESRS 2 53 (e)	
	whether the entity considers qualitative factors, quantitative thresholds or other criteria).	ESRS 2 53 (c)	
	(iv) Whether and how the entity prioritizes climate related risks relative to other types of risk.	ESRS 2 65 (a)	
	(v) How the entity monitors climate-related risks.	ESRS 2 53 (h)	
	(vi) Whether and how the entity has changed the processes it uses compared with the previous reporting period.		
IFRS S2.25(b)	The processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.	ESRS 2 53 (c) E1 IRO-1 20 (c) E1 SBM-3 19 (b)-(c) E1-2 24	Sustainability at ABB -> Double Materiality Assessment (p. 29) Sustainability at ABB -> Sustainability-related policies (p. 39) Protecting the climate -> Climate change as a material topic (p. 60) Protecting the climate -> Climate risk and opportunity assessment (p. 57)
IFRS S2.25(c)	The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	ESRS 2 53 (e)-(f)	Sustainability at ABB -> Double Materiality Assessment (p. 29)
IFRS S2.26	In preparing disclosures to fulfil the requirements in paragraph 25, an entity shall avoid unnecessary duplication in accordance with IFRS S1 (see paragraph B42(b) of IFRS S1). For example, although an entity shall provide the information required by paragraph 25, if oversight of sustainability1related risks and opportunities is managed on an integrated basis, the entity would avoid duplication by providing integrated risk management disclosures instead of separate disclosures for each sustainability-related risk and opportunity.	ESRS 1 QC17* ESRS 1 115*	
METRICS			

ISSB Standards	Description	ESRS Datapoint	Location of disclosure
IFRS S2.29(a)(i)(1-2)	An entity shall disclose information relevant to the cross-industry metric categories of:	E1-6 44 (a)-(b)	Protecting the climate -> Climate change- related targets (p. 63)
IFRS S2.29(a)(i)(3)	(a) greenhouse gases—the entity shall:	E1-6 44 (c)	Protecting the climate -> Greenhouse gas emissions (p. 68)
IFRS S2.B38-B57	(i) disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as	ESRS 1 62-67*	
IFRS S2.29(a)(ii)7	metric tons of CO2 equivalent (see paragraphs B19–B22), classified as:	ESRS 1 QC5*	
IFRS S2.29(a)(iii)(1-3)	(1) Scope 1 greenhouse gas emissions;	ESRS 1 696*	
IFRS S2.29(a)(iv)	(2) Scope 2 greenhouse gas emissions; and	E1 AR46 (g)	
IFRS S2.29(a)(v)	(3) Scope 3 greenhouse gas emissions;	ESRS 1 62*	
	The approach it uses to measure its greenhouse gas emissions including:	ESRS 2 80 (i)	
	(1) the measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions;		
	(2) the reason why the entity has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and		
	(3) any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;		
	For Scope 1 and Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(1)–(2), disaggregate emissions between:		
	(1) the consolidated accounting group (for example, for an entity applying IFRS Accounting Standards, this group would comprise the parent and its consolidated subsidiaries); and		
	(2) other investees excluded from paragraph 29(a)(iv)(1) (for example, for an entity applying IFRS Accounting Standards, these investees would include associates, joint ventures and unconsolidated subsidiaries);		
	For Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(2), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 greenhouse gas emissions; and		
IFRS S2.B30	Paragraph 29(a)(v) requires an entity to disclose its location-based Scope 2 greenhouse gas emissions and provide information about any contractual instruments the entity has entered into that could inform users' understanding of the entity's Scope 2 greenhouse gas emissions. For the avoidance of doubt, an entity is required to disclose its Scope 2 greenhouse gas emissions using a location-based approach and is required to provide information about contractual instruments only if such instruments exist and information about them informs users' understanding of an entity's Scope 2 greenhouse gas emissions.		Protecting the climate -> Greenhouse gas emissions (p. 68)
IFRS S2.B31	Contractual instruments are any type of contract between an entity and another party for the sale and purchase of energy bundled with attributes about the energy generation or for unbundled energy attribute claims (unbundled energy attribute claims relate to the sale and purchase of energy that is separate and distinct from the greenhouse gas attribute contractual instruments). Various types of contractual instruments are available in different markets and the entity might disclose information about its market based Scope 2 greenhouse gas emissions as part of its disclosure.	E1 AR45 (d)	Protecting the climate -> Greenhouse gas emissions (p. 69)
IFRS S2.29(a)(vi)(1)	The categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011);		Protecting the climate -> Greenhouse gas emissions (p. 68)
IFRS S2.B32	In accordance with paragraph 29(a)(vi), an entity shall disclose information about its Scope 3 greenhouse gas emissions to enable users of general purpose financial reports to understand the source of these emissions. The entity shall consider its entire value chain (upstream and downstream) and shall consider all 15 categories of Scope 3 greenhouse gas emissions, as described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). In accordance with paragraph 29(a)(vi), the entity shall disclose which of these categories are included in its Scope 3 greenhouse gas emissions disclosures.	E1 AR46 (i)	Protecting the climate -> Greenhouse gas emissions (p. 72)

ISSB Standards	Description	ESRS Datapoint	Location of disclosure
IFRS S2.B19	An entity might have a different reporting period from some or all of the entities in its value chain. Such a difference would mean that greenhouse gas emissions information from these entities in its value chain for the entity's reporting period might not be readily available for the entity to use for its own disclosure. In such circumstances, the entity is permitted to measure its greenhouse gas emissions in accordance with paragraph 29(a)(i) using information for reporting periods that are different from its own reporting period if that information is obtained from entities in its value chain with reporting periods that are different from the entity's reporting period, on the condition that: (a) the entity uses the most recent data available from those entities in its value chain without undue cost or effort to measure and disclose its greenhouse gas emissions; (b) the length of the reporting periods is the same; and (c) the entity discloses the effects of significant events and changes in circumstances (relevant to its greenhouse gas emissions) that occur between the reporting dates of the entities in its value chain and the date of the entity's general purpose financial reports.	E1 AR42	Protecting the climate -> Greenhouse gas emissions (p. 69)
IFRS S2.B56(a)	As part of the requirement in paragraph 29(a)(iii), and to reflect how an entity prioritizes Scope 3 data in accordance with the measurement framework set out in paragraphs B40–B54, the entity shall disclose information that enables users of general purpose financial reports to understand: (a) the extent to which the entity's Scope 3 greenhouse gas emissions are measured using inputs from specific activities within the entity's value chain	E1 AR46 (g)	Protecting the climate -> Greenhouse gas emissions (p. 69)
IFRS S2.29(d)	Climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities;	E1-9 64 (c)	Protecting the climate -> Physical and transition climate risks and opportunities (p. 76)
IFRS S2.29(e)	Capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	E1-1 16 (c) and (e)	Protecting the climate -> Toward a low-carbon society (p. 55)
IFRS S2.29(f)	Internal carbon prices—the entity shall disclose: (i) an explanation of whether and how the entity is applying a carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis); and (ii) the price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions.	E1-8 62	Protecting the climate -> Toward a low-carbon society (p. 57)
IFRS S2.29(g)(i) IFRS S2.29(g)(ii)	Remuneration—the entity shall disclose: (i) a description of whether and how climate-related considerations are factored into executive remuneration; and (ii) the percentage of executive management remuneration recognized in the current period that is linked to climate related considerations.	ESRS 2 29 (c) E1 GOV-3 13	Sustainability at ABB -> Incentives for sustainability (p. 19)
IFRS S1.50(c)	If a metric has been developed by an entity, the entity shall disclose information about: (c) whether the metric is validated by a third party and, if so, which party;	ESRS 2 77 (b)	Sustainability at ABB -> Other reporting principles (p. 13)
TARGETS			
IFRS S2.33 IFRS S2.33(a) IFRS S2.B6710 IFRS S2.33(b) IFRS S2.33(c) IFRS S2.33(d) IFRS S2.33(e) IFRS S2.33(f) IFRS S2.33(g) IFRS S2.33(h)	An entity shall disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the entity shall disclose: (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the entity to which the target applies (for example, whether the target applies to the entity in its entirety or only a part of the entity, such as a specific business unit or specific geographical region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) any milestones and interim targets; (g) if the target is quantitative, whether it is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	ESRS 2 80 E1-4 34 ESRS 2 80 (b) ESRS 2 80 (a) E1-4 33 ESRS 2 80 (c) ESRS 2 80 (e) ESRS 2 80 (d) E1 AR25 ESRS 2 80 (e) ESRS 2 80 (b) E1-4 34 (a) ESRS 2 80 (f) E1-4 34 (e)	Sustainability at ABB -> Sustainability-related targets (p. 48) Protecting the climate -> Climate change- related targets (p. 62)
IFRS S2.34(a)	Whether the target and the methodology for setting the target has been validated by a third party.	E1-4 34 (e)	Protecting the climate -> Climate change- related targets (p. 62)

ISSB Standards	Description	ESRS Datapoint	Location of disclosure
IFRS S2.34(b)	The entity's processes for reviewing the target.	ESRS 2 80 (j)	Sustainability at ABB -> Sustainability-related targets (p. 48) Protecting the climate -> Climate change- related targets (p. 64)
IFRS S2.34(c)	The metrics used to monitor progress towards reaching the target.	ESRS 2 80 (j)	Sustainability at ABB -> Sustainability-related targets (p. 48) Protecting the climate -> Climate change- related targets (p. 64)
IFRS S2.34(d)	Any revisions to the target and an explanation for those revisions.	ESRS 2 80 (i)	Protecting the climate -> Climate change- related targets (p. 64)
IFRS S2.35	An entity shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the entity's performance.	ESRS 2 80 (j)	Sustainability at ABB -> Sustainability-related targets (p. 48) Protecting the climate -> Climate change- related targets (p. 64)
IFRS S2.36(a)	Which greenhouse gases are covered by the target.	E1-4 34 (b)* E1 AR24	Protecting the climate -> Climate change- related targets (p. 62)
IFRS S2.36(b)	Whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target.	E1-4 34 (b) E1 AR24	
IFRS S2.36(d)	Whether the target was derived using a sectoral decarbonization approach.	E1-4 34 (e)	

* ESRS 1 datapoints have not been mapped as they are not disclosure datapoints.

SASB - ELECTRICAL & ELECTRONIC EQUIPMENT

Topic	Metric	Category	Unit of Measure	Code	ABB answer
Energy Management	a. Total Energy Consumed (Gigajoules)	Quantitative	Gigajoules (GJ)	RT-EE-130a.1	5,303,823
	b. Percentage Grid Electricity (%)		Percentage (%)		58%
	c. Percentage Renewable (%)		Percentage (%)		62%
Hazardous Waste Management	a. Amount of hazardous waste generated, percentage recycled (Metric tons, %)	Quantitative	Metric tons (t), Percentage (%)	RT-EE-150a.1	6029, 49%
	b. Number and aggregate quantity of reportable spills, quantity recovered (Number, Kilograms)		Number, kilograms (kg)	RT-EE-150a.2	No reportable spills occurred during the reporting period.
Product Safety	a. Number of recalls issued, total units recalled (Number)	Quantitative	Number	RT-EE-250a.1	As of 2025, this number is not available on an aggregated level at ABB.
	b. Total amount of monetary losses as a result of legal proceedings associated with product safety		Presentation currency	RT-EE-250a.2	Not applicable. Due to NDA agreements with third parties, we are unable to disclose monetary values resulting from legal proceedings with these third parties.
Product Lifecycle Management	a. Percentage of products by revenue that contain IEC 62474 declarable substances (% by revenue)	Quantitative	Percentage (%) by revenue	RT-EE-410a.1	As of 2025, we are unable to respond to this question. Please refer to the section “Circularity” in the Sustainability Statement.
	b. Percentage of eligible products, by revenue, certified to an energy efficiency certification (% by revenue)		Percentage (%) by revenue	RT-EE-410a.2	Products certified to an energy efficiency certification are included in ABB's eligible group turnover under the EU Taxonomy.
	c. Revenue from renewable energy related and energy efficiency related products (Reporting currency)		Presentation currency	RT-EE-410a.3	Using the EU taxonomy as reference: In 2024, ABB reached a 0% Taxonomy-aligned revenue under the Climate Change Mitigation environmental objective that covers partially this requirement. For further details please refer to ABB's EU Taxonomy disclosures in the Sustainability Statement.

Topic	Metric	Category	Unit of Measure	Code	ABB answer
Materials sourcing	a. Description of the management risks associated with the use of critical materials (Discussion & Analysis)	Discussion and Analysis	n.a.	RT-EE-440a.1	Management risks associated with the use of critical materials are part of the Impacts, Risks and Opportunities discussed in the " Circularity" and " Responsible sourcing" sections in the Sustainability Statement.
Business ethics	Description of policies and practices for prevention of:				
	a. Corruption and bribery and anti-competitive behavior (Discussion & Analysis)	Discussion and Analysis	n.a.	RT-EE-510a.1	Policies and practices for prevention of corruption, bribery and anti-competitive behaviour are described in the " integrity and transparency" section under G1 in the Sustainability Statement.
	b. Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption (Reporting currency);	Quantitative	Presentation currency	RT-EE-510a.2	Refer to ESRS G1-4 paragraph 24(a), “the number of convictions and the amount of fines for violation of anti-corruption and anti-bribery laws” .
	c. Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations (Reporting currency)		Presentation currency	RT-EE-510a.3	Please refer to Note 15 of ABB’s Financial Report for information on ABB’s commitments and contingencies.
Activity Metrics	a. Number of units produced (Production should be disclosed as number of units produced by product category, where relevant product categories include energy generation, energy delivery, and lighting and indoor climate control electronics.)	Quantitative	Number	RT-EE-000.A	Please refer to the section “Analysis of results of operations” in the Financial Report 2025.
	b. Number of Employees		Number	RT-EE-000.B	114,292

Effects of the sale of Robotics on selected Targets

Target	Unit	Base year	Baseline value	2025 status	2025 reduction compared to base year (ABB Group)		2025 status	2025 reduction compared to base year (ABB Group excluding Robotics)	
					Absolute value	Percentage		Absolute value	Percentage
E1 - Protecting the climate									
Reduce own scope 1 and 2 CO_2e emissions by at least 80% by 2030 and by 100% by 2050	ktCO2e	2019	631	134	(497)	(79%)	125	(506)	-80%
Reduce scope 3 CO_2e emissions by 25% by 2030 and by 90% by 2050	ktCO2e	2022	429,854	425,310	(4,544)	(1%)	423,933	(5,921)	-1%
E5 - Committing to circularity									
Cover at least 80% of ABB's portfolio of products and solutions with our Circularity Approach by 2030	-	n.a.	-	-	27%	-	n.a.	n.a.	n.a.
Send zero waste to landfill while reducing waste generation by 2030	kt	2019	16.8kt equivalent to 8.8% of total waste	10.3kt equivalent to 5.3% of total waste	n.a.	n.a.	9.8kt equivalent to 5.2% of total waste	n.a.	n.a.
S1 - Responsibility for our employees									
Zero life changing events to our people and contractors	-	2025	-	5	n.a.	n.a.	n.a.	n.a.	n.a.
Increase proportion of women in senior management roles to 25% by 2030	%	2019	11.7	22.6%	(10.9%)	n.a.	n.a.	n.a.	n.a.
Achieve a top-tier employee engagement score	-	2019	71/100	80/100	9/100	n.a.	n.a.	n.a.	n.a.
S2 - Social protection in the Value chain									

Target	Unit	Base year	Baseline value	2025 status	2025 reduction compared to base year (ABB Group)		2025 status	2025 reduction compared to base year (ABB Group excluding Robotics)	
					Absolute value	Percentage		Absolute value	Percentage
At least 80% of supply spending in focus countries covered by Sustainable Supply Base Management (SSBM) by 2030	%	n.a.	n.a.	Using a risk-based approach, a mid-term 2025 target has been set, focusing on high-risk suppliers in focus countries.	n.a.	n.a.	Using a risk-based approach, a mid-term 2025 target has been set, focusing on high-risk suppliers in focus countries	n.a.	n.a.
At least 80% of spending on high-risk suppliers in focus countries covered by SSBM by 2025	%	n.a.	n.a.	At the end of 2025, 80% of high-risk supply spending in focus countries was covered by the SSBM program.	12%	n.a.	At the end of 2025, 80% of high-risk supply spending in focus countries was covered by the SSBM program	12%	n.a.
G1 - Good business conduct									
Linking sustainability targets to executives' variable pay	-	2019	Under the AIP, a safety goal was included within the individual measure for some members of ABB's EC.	Target achieved - all EC members have at least one measurable sustainability-related target assigned to their variable compensation	-	-	n.a.	n.a.	n.a.



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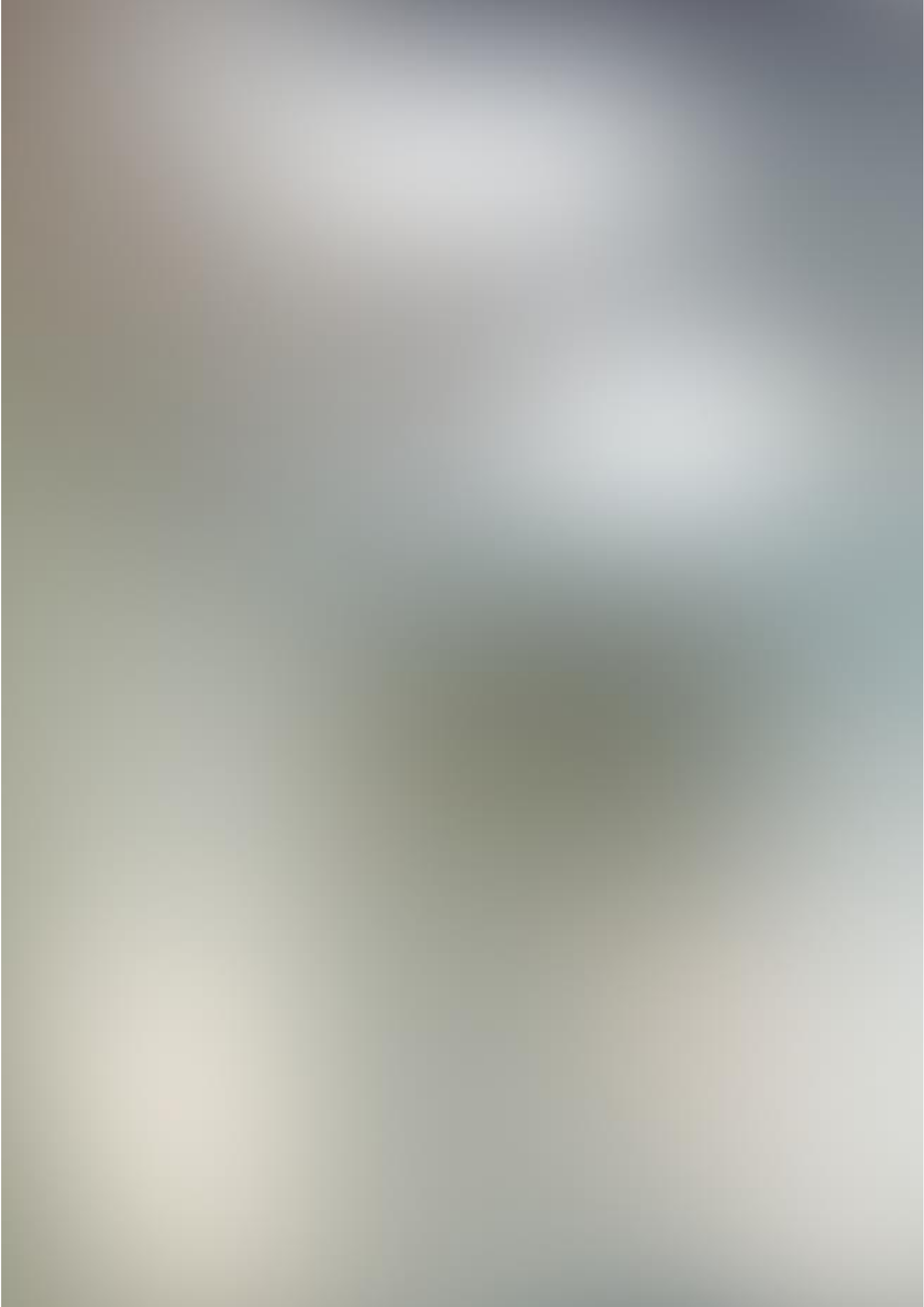
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CORPORATE GOVERNANCE REPORT 2025



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CHAIRMAN'S LETTER

DEAR SHAREHOLDERS,

The year 2025 was a turbulent one on all fronts: geopolitical, economic, social, and technological. But at the same time, some things became clearer. One is the shift towards electricity as the energy of the future; others are the need for more energy and the energy transition.

These trends are not new. But they have been brought into sharper focus by the soaring demand for electricity from AI and data centers as well as concerns about energy security and the fact that the world has not yet started to decarbonize – we get the same amount of electricity from fossil fuels today as we did five years ago.

More focused structure

For ABB, these trends are making our electrification and automation solutions more relevant than ever. In 2025, we undertook significant steps to better capitalize on them and deliver even more value to our customers. The biggest change was our decision to divest our Robotics business and focus our company on three business areas – Electrification, Automation (formerly Process Automation), and Motion. These businesses have shared sales and technology opportunities that position ABB for higher growth and stronger earnings.

Having made our businesses more agile and efficient with our decentralized ABB Way operating model, we are moving accountability deeper into the organization from division to business-line level. In 2025, we also completed major projects to standardize data governance and processes in our finance and human resources functions, improving transparency and reducing complexity. Now we are in the process of simplifying and streamlining our governance framework to clarify accountabilities at all levels and speed up decision-making still further.

I also would like to mention changes to our executive management, starting with our new Chief Financial Officer, Christian Nilsson, who succeeded Timo Ihamuotila in February 2026. On behalf of the Board of Directors, I want to thank Timo for his strong contribution in helping transform ABB into a more focused and better performing company and for developing the finance function to better serve our business in a decentralized organization. I also want to thank Sami Atiya, who stepped down from the Executive Committee at the end of 2025 in connection with the Robotics divestment. Sami played instrumental roles in building up our comprehensive robotics portfolio, backed by some of the most advanced software and AI solutions, and in establishing AI as an important driver of value creation for our customers and other stakeholders.

Governance

On the governance side, we achieved a significant milestone in 2025: the early release from a three-year Deferred Prosecution Agreement (DPA) with the United States Department of Justice and Securities and Exchange Commission, related to the legacy Kusile project in South Africa. This reflects the enhancements we have made to our integrity program to ensure that our controls, processes, and culture serve as effective deterrents to bribery and corruption and support transparent and sustainable business practices. The Board of Directors was responsible for overseeing compliance with the DPA.

Sustainability

This year, we published ABB's first Sustainability Statement in accordance with the European Union's Corporate Sustainability Reporting Directive (CSRD) and its related European Sustainability Reporting Standards (ESRS), which for ABB came into force for the financial year 2025. We are making good progress towards our sustainability targets, having already almost reached our 2030 target of an 80 percent reduction in emissions from our own operations (scope 1 and 2). We remain fully committed to our Sustainability Agenda in line with ABB's purpose of enabling a more sustainable and resource-efficient future. At the same time, we welcome initiatives in the EU to simplify sustainability reporting and due diligence practices for companies. Along with our industry partners, we see this simplification as an important step forward in relieving the administrative burden on companies so they can focus more on meeting their sustainability targets and making their operations more sustainable.

Board composition and assessment

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 brings valuable knowledge, expertise, and experience to our Board.

There will be no changes in the Board of Directors at this year's Annual General Meeting. As regards our internal organization and as part of the long-term succession planning of Committee Chairs, Geraldine Matchett will take over as Chair of the Finance, Audit and Compliance Committee (FACC), succeeding David Meline, who will continue to be a member of the FACC.

In 2025, we commissioned an external performance review of the Board of Directors, based on questionnaires as well as in-person interviews. The assessment addressed both the performance of the Board as a whole, as well as that of its individual members. The review found that the Board had an effective and productive working relationship with ABB's executive management, a wide diversity of industry knowledge, skills, and experience, kept the right balance between strategic and operational themes (including sustainability and technology/R&D), and clearly owned the senior leadership development and succession process.

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

Peter Voser

Chairman of the Board of Directors
Zurich, February 18, 2026

SUMMARY OF CORPORATE GOVERNANCE APPROACH

CORPORATE GOVERNANCE – GENERAL PRINCIPLES

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

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

COMPENSATION GOVERNANCE AND BOARD AND EC COMPENSATION

Information about ABB's compensation governance as well as Board and Executive Committee (the EC) compensation and shareholdings is provided in the Compensation Report 2025.

BOARD OF DIRECTORS

BOARD AND BOARD COMMITTEES (2025–2026 BOARD TERM)

	Board of Directors	
Chairman: Peter R. Voser	David Constable	Geraldine Matchett
	Frederico Fleury Curado	David Meline
	Johan Forssell	Claudia Nemat
	Denise C. Johnson	Mats Rahmström
	Jennifer Xin-Zhe Li	

Finance, Audit and Compliance Committee	Governance and Nomination Committee	Compensation Committee
David Meline (chairman)	Peter R. Voser (chairman)	Frederico Fleury Curado (chairman)
Denise C. Johnson	Johan Forssell	David Constable
Claudia Nemat	Geraldine Matchett	Jennifer Xin-Zhe Li
Mats Rahmström		

BOARD GOVERNANCE

The Board

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

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

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

Although the Swiss Code of Obligations does not discuss specifically conflicts of interest for board members, the ABB Ltd Board Governance Rules (available at https://new.abb.com/about/corporate-governance) state that Board members shall avoid entering into any situation in which their personal or financial interests may conflict with the interests of ABB. Prior to proposing new candidates for election to the Board, checks are performed to ensure that they are independent and that there are no conflicts of interest.

Chairman of the Board

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

Vice-Chairman of the Board

The Board may appoint a Vice-Chairman to handle the responsibilities of the Chairman if the Chairman is unable to do so or would have a conflict of interest in doing so.

Finance, Audit and Compliance Committee

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

The FACC must comprise three or more independent directors who have a thorough understanding of finance, accounting and auditing in a corporate environment. The Chairman of the Board and, upon invitation by the committee's chairman, the CEO or other members of the Executive Committee may participate in the committee meetings, provided that any potential conflict of interest is avoided and confidentiality of the discussions is maintained. In addition, the chief integrity officer, the head of internal audit and the external auditors participate in the meetings as appropriate.

Governance and Nomination Committee

The GNC is responsible for (1) overseeing corporate governance practices within ABB, (2) overseeing ABB's Sustainability Agenda, (3) nominating candidates for the Board, the role of the CEO and other positions on the Executive Committee, and (4) succession planning and employment matters relating to the Board and the Executive Committee. The GNC is also responsible for maintaining an orientation program for new Board members and an ongoing education program for existing Board members.

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

Compensation Committee

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

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

BOARD MEMBERSHIP

Board composition

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

Elections and term of office

The members of the Board of Directors and the Chairman of the Board as well as the members of the Compensation Committee are elected by the shareholders at the general meeting of shareholders for a term of office extending until completion of the next ordinary general meeting of shareholders. Members whose terms of office have expired shall be immediately eligible for re-election. ABB's Articles of Incorporation (available at https://new.abb.com/about/corporate-governance) do not provide for the retirement of directors based on their age. However, an age limit for members of the Board is set forth in the ABB Ltd Board Governance Rules (available at https://new.abb.com/about/corporate-governance), although waivers are possible and subject to Board discretion. If the office of the Chairman of the Board of Directors or any position on the Compensation Committee becomes vacant during a Board term, the Board of Directors may appoint (shall appoint in the case of the Chairman of the Board) another individual from among its members to that position for the remainder of that term. The Board of Directors shall consist of no less than 7 and no more than 13 members.

MEMBERS OF THE BOARD (2025–2026 BOARD TERM)

	Board Experience		Corporate Officer Experience		Other Business Experience								
Board Member	ABB Board Tenure (years)	Other Public Board Experience	CEO	CFO	Operations	Risk Management	Sustainability[1]	Digital / Technology	Global Experience	Country of Origin / Nationality	Gender	Non-Executive	Independent
Peter R. Voser	11	●	●	●	●	●	●	●	●	CH	M	Yes	Yes
David Constable	11	●	●		●	●	●		●	CA, US	M	Yes	Yes
Frederico Fleury Curado	10	●	●		●	●	●	●	●	BR, PT	M	Yes	Yes
Johan Forssell	2	●	●		●	●	●	●	●	SE	M	Yes	Yes
Denise C. Johnson	3	●			●	●	●	●	●	US	F	Yes	Yes
Jennifer Xin-Zhe Li	8	●		●	●	●	●	●	●	CN, CA	F	Yes	Yes
Geraldine Matchett	8	●	●	●		●	●		●	CH, UK, FR	F	Yes	Yes
Claudia Nemat	1	●			●	●	●	●	●	DE	F	Yes	Yes
David Meline	10	●		●		●	●	●	●	US, CH	M	Yes	Yes
Mats Rahmström	2	●	●		●	●	●	●	●	SE	M	Yes	Yes

(1) For more detailed information about the Board's sustainability-related experience, please see ABB's Sustainability Statement 2025.



Peter R. Voser has been a member and Chairman of ABB's Board of Directors since April 2015. He was also ABB's Chief Executive Officer from April 2019 to February 2020. He is a member of the board of directors of IBM Corporation (US). He is also a member of the board of directors of Temasek Holdings (Private) Limited (Singapore) as well as the chairman of the board of PSA International Pte Ltd (Singapore), one of its subsidiaries. In addition, he is the chairman of the board of trustees of the St. Gallen Foundation for International Studies. He was previously the chief executive officer of Royal Dutch Shell plc (The Netherlands). Mr. Voser was born in 1958 and is a Swiss citizen.



David Constable has been a member of ABB's Board of Directors since April 2015. He is the chairman of the board of directors of Fluor Corporation (US). Through April 2025, he was also the chief executive officer of Fluor. Mr. Constable was formerly president and chief executive officer as well as a member of the board of directors of Sasol Limited (South Africa). He joined Sasol after more than 29 years with Fluor Corporation (US).
Mr. Constable was born in 1961 and is a Canadian and US citizen.



Frederico Fleury Curado has been a member of ABB's Board of Directors since April 2016. He is a member of the boards of directors of Transocean Ltd. (Switzerland) and LATAM Airlines Group S.A. (Chile). He was formerly the chief executive officer of Ultrapar S.A. and Embraer S.A. (both Brazil). Mr. Curado was born in 1961 and is a Brazilian and Portuguese citizen.



Johan Forssell has been a member of ABB's Board of Directors since March 2024. He is a member of the boards of directors of Atlas Copco AB, Epiroc AB (both Sweden) and Wärtsilä Oyj (Finland). He was previously the chief executive officer of Investor AB (Sweden). Mr. Forssell was born in 1971 and is a Swedish citizen.



Denise C. Johnson has been a member of ABB's Board of Directors since March 2023. She is a member of the boards of directors of the US National Mining Association, the National Association of Manufacturers and the US Chamber of Commerce (all US). Ms. Johnson is a group president of Caterpillar Inc. (US), responsible for Resource Industries. Before joining Caterpillar in 2011, she worked for General Motors (GM) in different managerial roles in the US and as president and managing director of GM in Brazil. Ms. Johnson was born in 1966 and is a US citizen.



Jennifer Xin-Zhe Li has been a member of ABB's Board of Directors since March 2018. She is a member of the boards of directors of SAP SE (Germany) and Full Truck Alliance Co. Ltd. (Cayman Islands/P.R.C.). Ms. Li is a founder and general partner of Changcheng Investment Partners (P.R.C.), a private investment fund. From 2008 to 2018, she served as chief financial officer of Baidu Inc. (P.R.C.) and chief executive officer of Baidu Capital (P.R.C.). Prior to that, Ms. Li spent 14 years with General Motors, holding various senior finance positions, including chief financial officer of GM China and corporate controller for GMAC North American Operations. Ms. Li was born in 1967 and is a Canadian citizen.



Geraldine Matchett has been a member of ABB's Board of Directors since March 2018. She is a member of the boards of directors of Nestlé Ltd. and Swiss Re Ltd (both Switzerland). She is the chairperson of the Greenhouse Gas Protocol (GHGP) steering committee. Ms. Matchett was formerly the co-chief executive officer and the chief financial officer of DSM-Firmenich (Switzerland) and, prior to the DSM-Firmenich merger, of DSM (The Netherlands). She was previously the chief financial officer of SGS Ltd (Switzerland). Prior to joining SGS she worked as an auditor at Deloitte Ltd (Switzerland) and KPMG LLP (UK). Ms. Matchett was born in 1972 and is a Swiss, British and French citizen.



David Meline has been a member of ABB's Board of Directors since April 2016. He is a member of the boards of directors of HP Inc. (US), Lonza Group Ltd (Switzerland) and Eikon Therapeutics, Inc. (US). Through January 2025, he was also a member of the board of directors of Pacific Biosciences of California, Inc. (US). From 2011 through 2022, he held chief financial officer roles at Moderna Inc., Amgen Inc. and the 3M Company (all US). From 2008 through 2011 he was the corporate controller and chief accounting officer of the 3M Company (US). Prior to joining 3M, Mr. Meline worked for more than 20 years for the General Motors Company (US). Mr. Meline was born in 1957 and is a US and Swiss citizen.



Claudia Nemat has been a member of ABB's Board of Directors since March 2025. Until April 2025, she was a member of the board of directors of Airbus SE (The Netherlands). From 2011 until September 2025, Ms. Nemat was a member of the management board of Deutsche Telekom (Germany). She led the European business until the end of 2016 and thereafter was responsible for Technology and Innovation, which included networks, IT and products, as well as information- and cyber-security. Ms. Nemat started her career at McKinsey, where she worked for more than 17 years and became a Senior Partner. Ms. Nemat was born in 1968 and is a German citizen.



Mats Rahmström has been a member of ABB's Board of Directors since March 2024. He is the chairman of the board of directors of Piab AB (Sweden) and a member of the boards of directors of Investor AB, Qvantum Industries AB, SKF AB and SMD Logistics AB (all Sweden). Through April 2025, he was a member of the board of directors of Wärtsilä Oyj (Finland). Mr. Rahmström was president and chief executive officer of Atlas Copco AB (Sweden) until 2024, a position which he had held since 2017 after many years in management roles at this company. Mr. Rahmström was born in 1965 and is a Swedish citizen.

As of December 31, 2025, none of the Board members held any official functions or political posts. Further information on ABB's Board members can be found on ABB's website under the ABB Board of Directors link (available at https://new.abb.com/about/corporate-governance).

BOARD MEETINGS AND ATTENDANCE

The Board and its committees have regularly scheduled meetings throughout the year. These meetings are supplemented by additional meetings (either in person or by conference call), as necessary. Board meetings are convened by the Chairman or upon request by any other Board member or the CEO. Documentation covering the various items of the agenda for each Board meeting is sent out in advance to each Board member in order to allow each member time to study the covered matters prior to the meetings. Each Board meeting has a private session without management or others being present. Decisions made at the Board meetings are recorded in written minutes of the meetings. Some decisions are also taken by circular resolution.

The table below shows the number of meetings held during 2025 by the Board and its committees, their average duration, as well as the attendance of the individual Board members. The Board meetings shown include a strategic retreat attended by the members of the Board and the EC.

2025 Board and Board Committee Meetings

	Pre Annual General Meeting 2025					Post Annual General Meeting 2025				
	Board					Board				
Meetings and attendance	Mtg.	Conf. Call	**FACC**	**GNC**	**CC**	Mtg.	Conf. Call	**FACC**	**GNC**	**CC**
Number of meetings	1	1	2	2	2	5	4	4	2	4
Meetings attended:										
Peter R. Voser	1	1		2		5	4		2	
David Constable	1	1			2	5	4			4
Frederico Fleury Curado	1	1			2	5	4			4
Lars Förberg[1]	1			1						
Johan Forssell	1	1		2		5	4		2	
Denise C. Johnson	1	1	2			5	4	4		
Jennifer Xin-Zhe Li	1	1		2	2	5	4			4
Geraldine Matchett	1	1	2			5	4		2	
David Meline	1	1	2			5	3	3		
Claudia Nemat[2]						5	4	4		
Mats Rahmström	1	1	2			5	4	3		
Average duration (hours)	7.5	1.5	2.75	0.75	1.25	6.75	1	3	2	1

(1) Did not stand for re-election at ABB's Annual General Meeting 2025.
(2) Elected at ABB's Annual General Meeting 2025.

MANDATES OF BOARD MEMBERS OUTSIDE THE ABB GROUP

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

BUSINESS RELATIONSHIPS BETWEEN ABB AND ITS BOARD MEMBERS

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

Atlas Copco AB (Atlas Copco) is an important customer of ABB. ABB sells primarily motors and generators through its Motion business to Atlas Copco. Johan Forssell is a member of the board of directors of Atlas Copco.

Caterpillar Inc. (Caterpillar) is an important customer of ABB. ABB sells primarily motors, generators and drives through its Motion business to Caterpillar. Denise Johnson is a group president of Caterpillar.

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

Wärtsilä Oyj (Wärtsilä) is an important customer of ABB. ABB sells primarily motors and generators as well as integrated automation and electrical systems through its Motion and Automation businesses to Wärtsilä. Johan Forssell is a member of the board of directors of Wärtsilä.

After reviewing the level of business with Atlas Copco, Caterpillar, Fluor and Wärtsilä, the Board has determined that ABB's business relationships with these companies are not unusual in their nature or conditions and do not constitute material business relationships. As a result, the Board concluded that all members of the Board are independent.

These determinations were made in accordance with ABB Ltd's Related Party Transaction Policy, which is contained in the ABB Ltd Board Governance Rules (available at https://new.abb.com/about/corporate-governance).

INFORMATION AND CONTROL SYSTEMS OF THE BOARD VIS-À-VIS THE EXECUTIVE COMMITTEE

Information from the Executive Committee

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

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

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

Internal Audit

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

Risk Management

ABB has an enterprise risk management program (ERM) in place which takes into account ABB's size and complexity. ERM provides the EC and the Board with a comprehensive and holistic view of the most critical risks facing the business. ERM involves managing the acceptance of risk to achieve the objectives of the business. The ERM process is typically cyclical in nature, conveying the idea of continuous refinement of the risk management approach in a dynamic business environment. Furthermore, ABB runs a mitigation process for the identified risks that is key to the success of this process. ERM assessments are both top down and bottom up. They cover strategic, financial and operational risks across the short, medium and long-term. Key risks identified and managed in 2025 were those related to cyber-security incidents, geopolitical instability, market dynamics and competition, talent and capabilities as well as integrity behavior. ERM results are reported to the FACC and the entire Board. This information becomes part of the overall strategic and risk discussions by the Board to help create value for stakeholders.

EXECUTIVE COMMITTEE

COMPOSITION OF THE EXECUTIVE COMMITTEE (AT DECEMBER 31, 2025)

Morten Wierod
Chief Executive Officer

CORPORATE OFFICERS	BUSINESS AREA PRESIDENTS
Timo Ihamuotila Chief Financial Officer	Giampiero Frisio Business area Electrification
Carolina Granat Chief Human Resources Officer	Peter Terwiesch Business area Automation
Mathias Gaertner General Counsel and Company Secretary	Brandon Spencer Business area Motion
Karin Lepasoon Chief Communications and Sustainability Officer	Sami Atiya Former business area Robotics & Discrete Automation

EXECUTIVE COMMITTEE RESPONSIBILITIES AND ORGANIZATION

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

MEMBERS OF THE EXECUTIVE COMMITTEE (AT DECEMBER 31, 2025)



Morten Wierod was appointed Chief Executive Officer effective August 2024. He was President of the Electrification business area since April 2022 and has been a member of the Executive Committee since April 2019, when he was appointed President of the Motion business area. From 2015 until April 2019, he was the Managing Director of the Drives business unit in the Robotics and Motion division. During 2011 to 2015, Mr. Wierod was the Managing Director of the Control Products business unit in the Low Voltage Products division. Between 1998 and 2011, he held various management roles with ABB. Mr. Wierod was born in 1972 and is a Norwegian citizen.



Timo Ihamuotila was appointed Chief Financial Officer and member of the Executive Committee effective April 2017. He is a member of the boards of directors of Kone Oyj and Nokia Oyi (both Finland). From 2009 to 2016, Mr. Ihamuotila was chief financial officer and an executive vice president of the Nokia Corporation (Finland). From 1999 to 2009, he held various senior roles with Nokia. Mr. Ihamuotila was born in 1966 and is a Finnish citizen.



Carolina Granat was appointed Chief Human Resources Officer and member of the Executive Committee effective January 2021. She is a member of the board of directors of ABB E-mobility Holding Ltd (Switzerland). She joined ABB in 2020 as Head of People Development. From 2004 to 2020, Ms. Granat held various HR positions within Sandvik AB (Sweden) and in her final 7 years at the company had global responsibility for human resources in its machining solutions business area. Prior to that, she worked for 6 years at Boston Consulting Group (Sweden) as HR manager for the Nordic region. Ms. Granat was born in 1972 and is a Swedish citizen.



Mathias Gaertner was appointed General Counsel and member of the Executive Committee effective November 2024. He joined ABB from Holcim Ltd (Switzerland), where he was head legal & compliance and a member of its group executive committee since 2021. Prior to that, Mr. Gaertner had worked 10 years at Honeywell Building Technologies (US), most recently as general counsel, as well as for a number of international law firms. Mr. Gaertner was born in 1973 and is a German citizen.



Karin Lepasoon was appointed Chief Communications and Sustainability Officer and member of the Executive Committee effective October 2022. She joined ABB from Vattenfall AB (Sweden), where she served as head of group communications and public & regulatory affairs and member of the company's group executive management team. Prior to that, Ms. Lepasoon also served as head of global marketing and communications at SEB, director of sustainability, communications and HR at Nordic Capital, head of strategy and chief of staff at Skanska, and held various other roles in the area of communications. Ms. Lepasoon was born in 1968 and is a Swedish citizen.



Giampiero Frisio was appointed President of the Electrification business area and member of the Executive Committee effective August 2024. He is a member of the board of directors of ABB E-mobility Holding Ltd (Switzerland). Mr. Frisio held a number of executive positions in ABB's Electrification business, including President of the Smart Power division since 2021, Managing Director of the Smart Power business unit from 2019 to 2021, and Managing Director of the Protection and Connections business unit from 2015 to 2018. During 2010 to 2015, Mr. Frisio was the Managing Director of the Breakers and Switches business unit in the Low Voltage Products division. Between 2001 to 2010, he held various management roles with ABB. Mr. Frisio was born in 1969 and is an Italian citizen.



Brandon Spencer was appointed President of the Motion business area and member of the Executive Committee effective August 2024. He held a number of executive positions in ABB's Automation business (formerly known as Industrial Automation and Process Automation respectively), including President of the Energy Industries division since 2020, Managing Director of the Process Industries business unit from 2018 to 2020 and business unit manager North America from 2015 to 2018. Between 2006 and 2015, Mr. Spencer held several management positions with ABB. Prior to joining ABB, he held various roles at Siemens in the US from 2001 to 2006. Mr. Spencer was born in 1978 and is a US citizen.



Peter Terwiesch was appointed President of the Automation business area (formerly known as Industrial Automation and Process Automation respectively) and member of the Executive Committee effective January 2015. He is a member of the board of directors of Hilti AG (Liechtenstein). From 2011 to 2014, Mr. Terwiesch was Head of ABB's Central Europe region. He was ABB's Chief Technology Officer from 2005 to 2011. From 1994 to 2005, he held several positions with ABB. Mr. Terwiesch was born in 1966 and is a German and Swiss citizen.



Sami Atiya was appointed President of the Robotics & Discrete Automation business area effective April 2019 and has been a member of the Executive Committee since June 2016. He is a member of the board of directors of SGS Ltd (Switzerland). He had previously been President of the Robotics and Motion division since January 2017. From June to December 2016 he was President of the Discrete Automation and Motion division. Prior to joining ABB, Mr. Atiya held senior roles at Siemens in Germany from 1997 to 2015, including as chief executive officer of the mobility and logistics division in the infrastructure and cities sector from 2011. Mr. Atiya was born in 1964 and is a German citizen.

In line with the announced divestment of ABB's Robotics division to SoftBank Group, Sami Atiya has stepped down from ABB's Executive Committee at the end of 2025. He will continue to support the Robotics business and the carve-out process in 2026 as strategic advisor and will leave ABB by the end of 2026 (https://new.abb.com/news/detail/129681/sami-atiya-to-leave-abb).

Effective February 1, 2026, Christian Nilsson, CFO of ABB's Electrification business area since 2017, has been appointed as Chief Financial Officer and member of the Executive Committee. He succeeds Timo Ihamuotila, who has decided to step down from the Executive Committee at the same time and to leave ABB at the end of 2026, ensuring a smooth transition (https://www.abb.com/global/en/news/129997).

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

MANDATES OF EC MEMBERS OUTSIDE THE ABB GROUP

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

BUSINESS RELATIONSHIPS BETWEEN ABB AND ITS EC MEMBERS

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

The Company has determined that there are no important business relationships between ABB and its EC members, or companies and organizations represented by them. This determination was made in accordance with ABB Ltd's Related Party Transaction Policy, which is contained in the ABB Ltd Board Governance Rules (available at https://new.abb.com/about/corporate-governance).

SHARES

SHARE CAPITAL OF ABB

At December 31, 2025, ABB's ordinary share capital (including treasury shares) as registered with the commercial register amounted to CHF 221,267,904.48, divided into 1,843,899,204 fully paid registered shares with a par value of CHF 0.12 per share.

ABB Ltd's shares are listed on the SIX Swiss Exchange and the NASDAQ OMX Stockholm Exchange. The Company also maintains a sponsored Level I ADR program trading on the US over-the-counter market. At December 31, 2025, ABB Ltd had a market capitalization based on outstanding shares (total number of outstanding shares: 1,818,141,427) of approximately CHF 108 billion (USD 134 billion, SEK 1,251 billion). The only consolidated subsidiary in the ABB Group with listed shares is ABB India Limited, Bangalore, India, which is listed on the BSE Ltd. (Bombay Stock Exchange) and the National Stock Exchange of India. At December 31, 2025, ABB Ltd, Switzerland, directly or indirectly owned 75 percent of ABB India Limited, Bangalore, India, which at that time had a market capitalization of approximately INR 1,096 billion.

STOCK EXCHANGE LISTINGS (AT DECEMBER 31, 2025)

Stock exchange	Security	Ticker symbol	ISIN code
SIX Swiss Exchange	ABB Ltd, Zurich, share	ABBN	CH0012221716
SIX Swiss Exchange	ABB Ltd, Zurich, share buyback (second trading line)	ABBNE	CH0357679619
NASDAQ OMX Stockholm Exchange	ABB Ltd, Zurich, share	ABB	CH0012221716
BSE Ltd. (Bombay Stock Exchange)	ABB India Limited, Bangalore, share	ABB[1]	INE117A01022
National Stock Exchange of India	ABB India Limited, Bangalore, share	ABB	INE117A01022

(1) Also called Scrip ID.

SHARE REPURCHASES AND CANCELLATION

In line with its authorizations under the Company's capital band, the Board of Directors resolved to cancel 16,715,684 shares repurchased under ABB's 2024 share buyback program. These shares were cancelled in May 2025, resulting in a reduced total number of issued ABB Ltd shares of 1,843,899,204.

In February 2025, ABB launched a follow-up share buyback program of up to USD 1.5 billion. This new program is consistent with ABB's capital allocation principles and its capital structure optimization program targeting to maintain a strong investment grade rating. Under that share buyback program, ABB repurchased a total of 20,185,265 shares as per December 31, 2025.

ABB intends to use the capital band (see "Capital band" below) again for cancellation of shares repurchased under the share buyback program 2025.

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

In addition, ABB repurchased a total of 2,731,469 shares as per December 31, 2025, primarily for use in connection with employee share programs. Further information can be found at https://www.abb.com/investorrelations.

CHANGES TO THE ORDINARY SHARE CAPITAL

Except for the share cancellations described above and in ABB's Corporate Governance Report 2024 and 2023, there were no other changes to ABB's ordinary share capital during 2025, 2024 and 2023.

CONVERTIBLE BONDS AND OPTIONS

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

CONTINGENT SHARE CAPITAL

At December 31, 2025, ABB's share capital may be increased by an amount not to exceed CHF 24,000,000 through the issuance of up to 200,000,000 fully paid registered shares with a par value of CHF 0.12 per share through the exercise of conversion rights and/or warrants granted in connection with the issuance on national or international capital markets of newly or already issued bonds or other financial market instruments. If this contingent share capital were fully issued, this would increase the existing share capital by approximately 10.8 percent. This contingent share capital has not changed during the last three years.

At December 31, 2025, ABB's share capital may be increased by an amount not to exceed CHF 1,200,000 through the issuance of up to 10,000,000 fully paid registered shares with a par value of CHF 0.12 per share through the exercise of warrant rights granted to its shareholders. If this contingent share capital were fully issued, this would increase the existing share capital by approximately 0.5 percent. This contingent share capital has not changed during the last three years. The Board may grant warrant rights not taken up by shareholders for other purposes in the interest of ABB.

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

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

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

At December 31, 2025, ABB's share capital may be increased by an amount not to exceed CHF 11,284,656 through the issuance of up to 94,038,800 fully paid shares with a par value of CHF 0.12 per share to employees. If this contingent share capital were fully issued, this would increase the existing share capital by approximately 5.1 percent. This contingent share capital has not changed during the last three years. The pre-emptive and advance subscription rights of ABB's shareholders are excluded. The shares or rights to subscribe for shares will be issued to employees pursuant to one or more regulations to be issued by the Board, taking into account performance, functions, level of responsibility and profitability criteria. ABB may issue shares or subscription rights to employees at a price lower than that quoted on a stock exchange. The acquisition of shares within the context of employee share ownership and each subsequent transfer of the shares will be subject to the restrictions of ABB's Articles of Incorporation (see "Limitations on transferability of shares and nominee registration" in the Shareholders section below).

CAPITAL BAND

At December 31, 2025, ABB had a capital band ranging from CHF 212,192,469 (lower limit) to CHF 259,346,349 (upper limit), i.e., from 90 percent to 110 percent of the share capital entered in the commercial register at the time when the capital band was introduced in 2023.

Within this capital band, the Board of Directors is authorized to increase or reduce the share capital once or several times until March 23, 2028, or until an earlier expiry of the capital band. In the event of a capital increase within the capital band, the Board is authorized, to the extent necessary, to determine the date of issue of new shares, the issue price, the type of contribution, the conditions for the exercise of pre-emptive rights and the beginning date for dividend entitlement. In this regard, the Board may issue new shares by means of a firm underwriting through a financial institution, a syndicate of financial institutions or another third party and a subsequent offer of these shares to the existing shareholders or third parties (if the pre-emptive rights of the existing shareholders have been withdrawn or have not been duly exercised). The Board is entitled to permit, to restrict or to exclude the trade with pre-emptive rights. It may permit the expiration of pre-emptive rights that have not been duly exercised, or it may place such rights or shares as to which pre-emptive rights have been granted, but not duly exercised, at market conditions or may use them otherwise in the interest of the Company. The Board is further authorized to restrict or deny the pre-emptive rights of shareholders and allocate such rights to third parties if the shares are to be used (1) for the acquisition of an enterprise, parts of an enterprise, or participations, or for new investments, or, in case of a share placement, for the financing or refinancing of such transactions; or (2) for the purpose of broadening the shareholder constituency in connection with a listing of shares on domestic or foreign stock exchanges. The subscription and the acquisition of the new shares, as well as each subsequent transfer of the shares, will be subject to the restrictions of ABB's Articles of Incorporation (available at https://new.abb.com/about/corporate-governance).

If ABB's share capital increases as a result of an increase from ABB's contingent capital, the upper and lower limits of the capital band shall increase in an amount corresponding to such increase in the share capital.

In the event of a capital reduction within the capital band, the Board of Directors is authorized, to the extent necessary, to determine the use of the reduction amount.

ABB used the capital band for cancellation of shares repurchased under its recent share buyback programs and intends to use it again for cancellation of shares repurchased under the share buyback program 2025 (see "Share repurchases and cancellation" above).

EXCLUSION OF PRE-EMPTIVE OR ADVANCE SUBSCRIPTION RIGHTS

Until March 23, 2028, or an earlier expiry of the capital band, the total number of newly issued shares which may be issued with the restriction or withdrawal of (advance) subscription rights from (1) ABB's contingent share capital and from (2) ABB's capital band in any event shall not exceed 196,474,500 shares, i.e., 10 percent of the share capital entered in the commercial register at the time when the capital band was introduced in 2023.

SHAREHOLDERS

SHAREHOLDER STRUCTURE

At December 31, 2025, the total number of shareholders directly registered with ABB Ltd was approximately 92,000, and another 642,000 shareholders held shares indirectly through nominees. In total, as of that date, ABB had approximately 734,000 shareholders.

SIGNIFICANT SHAREHOLDERS

Under the Swiss Financial Market Infrastructure Act, shareholders and groups of shareholders acting in concert who directly or indirectly acquire or sell shares of a listed Swiss corporation or rights based thereon and thereby reach, exceed or fall below the thresholds of 3 percent, 5 percent, 10 percent, 15 percent, 20 percent, 25 percent, $33^{1}/_{3}$ percent, 50 percent or $66^{2}/_{3}$ percent of the voting rights of the corporation must notify the corporation and the SIX Swiss Exchange of such holdings. Based on the disclosure notifications made to ABB and the SIX Swiss Exchange, the following shareholders hold or control voting rights of 3 percent or more of ABB Ltd's issued shares. Except where indicated otherwise, the shareholdings described below are based on the notices provided to ABB and the SIX Swiss Exchange and do not reflect any subsequent changes in shareholdings and share capital and votes.

Investor AB, Sweden, disclosed to ABB and the SIX Swiss Exchange that as per November 9, 2015, it held 232,165,142 ABB Ltd shares, corresponding to 10.03 percent of the voting rights in ABB Ltd (refer to https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/shareholder-details/TBFBH00013). In its latest quarterly financial report, Investor AB, Sweden, disclosed that as per December 31, 2025, it held 265,385,142 ABB Ltd shares, corresponding to 14.4 percent of the voting rights in ABB Ltd.

UBS Fund Management (Switzerland) AG, Switzerland, disclosed to ABB and the SIX Swiss Exchange that as per September 19, 2024, it held 93,047,279 ABB Ltd shares, corresponding to 5.001 percent of the voting rights in ABB Ltd (refer to https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/shareholder-details/ZA03-000000000P124).

BlackRock, Inc., U.S.A., disclosed to ABB and the SIX Swiss Exchange that as per June 1, 2023, it held 82,027,197 ABB Ltd shares, corresponding to 4.17 percent of the voting rights in ABB Ltd (refer to https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/shareholder-details/TAN62000B0).

At December 31, 2025, to the best of ABB's knowledge, no other shareholder held 3 percent or more of ABB's total share capital and voting rights as registered in the commercial register on that date.

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

Announcements related to disclosure notifications made by shareholders during 2025 can be found via the search facility on the platform of the Disclosure Office of the SIX Swiss Exchange: https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/.

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

SHAREHOLDERS' RIGHTS

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

Right to vote

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

A shareholder may be represented at the general meeting of shareholders by the independent proxy elected by the shareholders ("Unabhängiger Stimmrechtsvertreter"), its legal representative or, by means of a written proxy, any other proxy who need not be a shareholder. If the Company does not have an independent proxy, the Board of Directors shall appoint the independent proxy for the next general meeting of shareholders. All shares held by one shareholder may be represented by one representative only.

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

Powers of General Meeting of Shareholders

The ordinary general meeting of shareholders must be held each year within 6 months after the close of the fiscal year of the Company; the business report, the compensation report, the auditors' reports, and the report on non-financial matters shall be made available to the shareholders by no later than 20 days prior to the meeting.

The following powers shall be vested exclusively in the general meeting of shareholders:

- Adoption and amendment of the Articles of Incorporation;
- Election of the members of the Board of Directors, the Chairman of the Board of Directors, the members of the Compensation Committee, the auditors and the independent proxy;
- Approval of the annual management report and consolidated financial statements;
- Approval of the annual financial statements and decision on the allocation of profits shown on the balance sheet, in particular with regard to dividends;
- The determination of interim dividends and the approval of the interim financial statements required for this purpose;
- The resolution on the repayment of the statutory capital reserve;
- Approval of the maximum compensation of the Board of Directors and of the Executive Committee pursuant to Article 34 of the Articles of Incorporation;
- Granting discharge to the members of the Board of Directors and the persons entrusted with management;
- The delisting of the Company's equity securities;
- The approval of the report on non-financial matters;
- Passing resolutions as to all matters reserved to the authority of the general meeting of shareholders by law or under the Articles of Incorporation or that are submitted to the general meeting of shareholders by the Board of Directors, subject to Article 716a of the Swiss Code of Obligations.

Resolutions and elections at General Meeting of Shareholders

Unless otherwise required by law or the Company's Articles of Incorporation, the general meeting of shareholders shall pass resolutions and decide elections upon a majority of the votes represented.

One or more shareholders who, alone or together, hold at least 0.02 percent of the share capital or votes may demand that an item be included on the agenda or that a proposal relating to an agenda item be included in the notice convening the general meeting of shareholders. Such a request must be received by the Company in writing at least 40 days prior to the meeting and shall specify the agenda items and the proposal or proposals together with a brief statement of the reasons.

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

Shareholders' dividend rights

The unconsolidated statutory financial statements of ABB Ltd are prepared in accordance with Swiss law. Based on these financial statements, dividends may be paid only if ABB Ltd has sufficient distributable profits from previous years or sufficient free reserves to allow the distribution of a dividend. Swiss law requires that ABB Ltd retain at least 5 percent of its annual net profits as legal reserves until these reserves amount to at least 20 percent of ABB Ltd's share capital. Any net profits remaining in excess of those reserves are at the disposal of the general meeting of shareholders.

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

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

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

Limitations on transferability of shares and nominee registration

ABB may decline a registration with voting rights if a shareholder does not declare that it has acquired the shares in its own name and for its own account, that there is no agreement on the redemption of the relevant shares and that it bears the economic risk associated with the shares. If the shareholder refuses to make such declarations, it will be registered as a shareholder without voting rights. A person failing to expressly declare in its registration application that it holds the shares for its own account (a nominee) will be entered in the share register with voting rights, provided that such nominee has entered into an agreement with ABB concerning its status, and further provided that the nominee is subject to recognized bank or financial market supervision. In special cases, the Board may grant exemptions. There were no exemptions granted in 2025. The limitation on the transferability of shares may be removed by an amendment of ABB's Articles of Incorporation by a shareholders' resolution requiring two-thirds of the votes represented at the general meeting of shareholders.

No restriction on trading of shares

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

Duty to make a public tender offer

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

INDEPENDENT EXTERNAL AUDITORS

DURATION OF THE MANDATE AND TERM OF OFFICE OF THE AUDITORS

On March 26, 2025, shareholders at the Annual General Meeting of ABB Ltd approved the appointment of KPMG AG, Zurich, Switzerland (KPMG), to be the auditors of the Company for the 2025 financial year.

KPMG are the auditors of ABB's statutory and consolidated financial statements. KPMG assumed the sole auditing mandate of the consolidated financial statements of the ABB Group beginning in the year ended December 31, 2018. The auditor in charge and responsible for the mandate, Achim Wolper, began serving in this capacity in respect of the financial year ended December 31, 2023. Pursuant to ABB's Articles of Incorporation (available at https://new.abb.com/about/corporate-governance), the term of office of ABB's auditors is one year.

INFORMATION TO THE BOARD AND THE FINANCE, AUDIT AND COMPLIANCE COMMITTEE

Supervisory and control instruments vis-à-vis the auditors

ABB's auditors, KPMG, attend each meeting of the FACC and each meeting includes a private session between the auditors and the FACC without management being present. In 2025, the FACC had 6 meetings (either in person or via telephone call). On at least an annual basis, the FACC reviews and discusses with the external auditors all significant relationships that the auditors have with the Company that could impair their independence. The FACC reviews the auditor engagement letter and the audit plan including discussion of scope, staffing, locations and general audit approach. The FACC also reviews and evaluates the auditors' judgment on the quality and appropriateness of the Company's accounting principles as applied in the financial reporting. In addition, ABB has a process for the review and pre-approval of non-audit services to be performed by KPMG.

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

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

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

AUDIT AND ADDITIONAL FEES PAID TO THE AUDITORS

The audit fees charged by KPMG for the legally prescribed audit amounted to USD 31 million in 2025. Audit services are defined as the standard audit work performed each fiscal year necessary to allow the auditors to issue an opinion on the consolidated financial statements of ABB and to issue an opinion on the local statutory financial statements. This also includes sustainability assurance services where such services are related to mandatory assurance that is required by statute or regulation. This classification may also include services that can be provided only by the auditors, such as pre-issuance reviews of quarterly financial results and comfort letters delivered to underwriters in connection with debt and equity offerings.

In addition, KPMG charged USD 9 million for non-audit services during 2025. Non-audit services include primarily carve-out audit services, agreed-upon procedure reports, accounting consultations, audits of pension and benefit plans, accounting advisory services and other attest services related to financial reporting that are not required by statute or regulation, income tax and indirect tax compliance services as well as tax advisory services.

In total, KPMG charged ABB fees for audit and non-audit services rendered in 2025 in the amount of USD 40 million.

OTHER GOVERNANCE INFORMATION

ABB GROUP ORGANIZATIONAL STRUCTURE

ABB Ltd, Switzerland, is the ultimate parent company of the ABB Group. It is the sole shareholder of ABB Asea Brown Boveri Ltd, which directly or indirectly owns the other companies in the ABB Group. The table in the appendix to this Corporate Governance Report sets forth, as of December 31, 2025, the name, place of incorporation, ownership interest and share capital of the significant direct and indirect subsidiaries of ABB Ltd. ABB's operational group structure is described in ABB's Financial Report 2025.

MANAGEMENT CONTRACTS

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

CHANGE OF CONTROL CLAUSES

Board members, Executive Committee members, and other members of senior management do not receive any special benefits in the event of a change of control. From 2021, the rules for the Long-Term Incentive Plan (LTIP) have been amended to no longer provide for accelerated vesting upon a change of control.

EMPLOYEE PARTICIPATION PROGRAMS

In order to align its employees' interests with the business goals and financial results of the Company, ABB operates a number of incentive plans, linked to ABB's shares, such as the Employee Share Acquisition Plan and the LTIP. For a more detailed description of these incentive plans, please refer to "Note 18 – Share-based payment arrangements" to ABB's Consolidated Financial Statements.

GENERAL BLACKOUT PERIODS FOR TRADING ABB SECURITIES

During the 30 days prior to the day of publication of the ABB Group's quarterly financial results, as well as on such day, the members of the Board of Directors and the Executive Committee as well as certain employees of ABB, as specified in ABB's internal policies, are prohibited from trading in ABB Ltd securities and any related financial instruments. No exceptions were granted to this rule in 2025.

INFORMATION POLICY

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

ABB publishes an annual reporting suite that provides audited financial statements and information about ABB including our business results, strategy, products and services, corporate governance and executive compensation. In addition, ABB publishes its results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the stock exchanges on which its shares are listed and traded. An archive containing annual reports, quarterly results releases and related presentations can be found in the "Reporting" section at https://www.abb.com/investorrelations. The quarterly results press releases contain unaudited financial information prepared in accordance with or reconciled to U.S. GAAP. To subscribe to important press releases, please click on "Contact" and choose "Subscribe" at https://www.abb.com/investorrelations. Ad-hoc notices can also be found at https://www.abb.com/global/en/company/media/ad-hoc-announcements and in the press releases section at https://www.abb.com/news.

ABB's official means of communication is the Swiss Official Gazette of Commerce (https://www.shab.ch). An invitation to the Company's general meeting of shareholders is sent to registered shareholders by mail.

Inquiries may also be made to ABB Investor Relations:

Affolternstrasse 44
CH-8050 Zurich, Switzerland
Telephone: +41 43 317 71 11
E-mail: investor.relations@ch.abb.com
www.abb.com

FURTHER INFORMATION ON CORPORATE GOVERNANCE

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

- Articles of Incorporation
- ABB Ltd Board Governance Rules, which include:
    - Governance Rules of the Finance, Audit and Compliance Committee
    - Governance Rules of the Governance and Nomination Committee
    - Governance Rules of the Compensation Committee
    - Related Party Transaction Policy
- ABB Code of Conduct
- Summary of differences of shareholder rights under Swedish and Swiss law applicable to ABB
- CVs of the Board members
- CVs of the Executive Committee members

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

APPENDIX - ABB LTD'S SIGNIFICANT SUBSIDIARIES

Name/Location	Country	Group Interest %	Share capital in thousands	Currency
ABB S.A.U., Buenos Aires	Argentina	100.00	25,659,498	ARS
ABB Australia Pty. Limited, Moorebank	Australia	100.00	71,218	AUD
ABB Group Investment Management Pty. Ltd., Moorebank	Australia	100.00	403,318	AUD
ABB AG, Wiener Neudorf	Austria	100.00	15,000	EUR
B&R Holding GmbH, Eggelsberg	Austria	100.00	35	EUR
B&R Industrial Automation GmbH, Eggelsberg	Austria	100.00	1,240	EUR
ABB N.V., Diegem, Machelen	Belgium	100.00	34,000	EUR
ABB AUTOMAÇÃO LTDA., Sorocaba	Brazil	100.00	191,039	BRL
ABB ELETRIFICAÇÃO LTDA., Sorocaba	Brazil	100.00	268,759	BRL
ABB Bulgaria EOOD, Sofia	Bulgaria	100.00	65,110	BGN
ABB Electrification Canada Inc., Saint-Laurent	Canada	100.00	—[1]	CAD
ABB Inc., Saint-Laurent	Canada	100.00	—[1]	CAD
ABB S.A., Santiago	Chile	100.00	5,484,348	CLP
ABB (China) Investment Limited, Beijing	China	100.00	95,000	USD
ABB (China) Ltd., Beijing	China	100.00	140,000	USD
ABB Beijing Drive Systems Co. Ltd., Beijing	China	90.00	5,000	USD
ABB Beijing Switchgear Limited, Beijing	China	60.00	16,500	USD
ABB Electrical Machines Ltd., Shanghai	China	100.00	14,400	USD
ABB Engineering (Shanghai) Ltd., Shanghai	China	100.00	40,000	USD
ABB LV Installation Materials Co. Ltd. Beijing, Beijing	China	85.70	17,100	USD
ABB Shanghai Free Trade Zone Industrial Co., Ltd., Shanghai	China	100.00	6,500	CNY
ABB Shanghai Motors Co. Ltd., Shanghai	China	75.00	11,217	USD
ABB Xiamen Low Voltage Equipment Co. Ltd., Xiamen	China	100.00	15,800	USD
ABB Xiamen Switchgear Co. Ltd., Xiamen	China	66.52	29,500	USD
ABB Xinhui Low Voltage Switchgear Co. Ltd., Xinhui	China	90.00	6,200	USD
ABB s.r.o., Prague	Czech Republic	100.00	400,000	CZK
ABB A/S, Middlefart	Denmark	100.00	100,000	DKK
ABB for Electrical Industries (ABB ARAB) S.A.E., Cairo	Egypt	100.00	353,479	EGP
Asea Brown Boveri S.A.E., Cairo	Egypt	100.00	166,000	USD
ABB AS, Jüri	Estonia	100.00	1,663	EUR
ABB Oy, Helsinki	Finland	100.00	10,003	EUR
ABB France, Cergy Pontoise	France	99.84	25,778	EUR
ABB SAS, Cergy Pontoise	France	100.00	45,921	EUR
ABB AG, Mannheim	Germany	100.00	167,500	EUR
ABB Beteiligungs- und Verwaltungsgesellschaft mbH, Mannheim	Germany	100.00	61,355	EUR
B&R Industrie-Elektronik GmbH, Friedberg	Germany	100.00	358	EUR

Name/Location	Country	Group Interest %	Share capital in thousands	Currency
Asea Brown Boveri Industrial, Technical & Commercial Company of Imports – Exports S.A., Metamorphossis Attica	Greece	100.00	1,721	EUR
ABB Business Services Private Limited, Bangalore	India	100.00	5,200,100	INR
ABB Global Industries and Services Private Limited, Bangalore	India	100.00	366,923	INR
ABB India Limited, Bangalore	India	75.00	423,817	INR
ABB Limited, Dublin	Ireland	100.00	635	EUR
ABB E-mobility S.p.A., Milan	Italy	74.49	20,000	EUR
ABB S.p.A., Milan	Italy	100.00	110,000	EUR
ABB K.K., Tokyo	Japan	100.00	1,000,000	JPY
ABB Ltd., Seoul	Korea, Republic of	100.00	16,950,000	KRW
ABB Malaysia Sdn Bhd., Petaling Jaya	Malaysia	100.00	3,500	MYR
ABB Electrical Control Systems S. de R.L. de C.V., Monterrey	Mexico	100.00	712,463	MXN
ABB Mexico S.A. de C.V., San Luis Potosi	Mexico	100.00	1,135,752	MXN
Asea Brown Boveri S.A. de C.V., San Luis Potosi	Mexico	100.00	1,517,686	MXN
ABB B.V., Rotterdam	Netherlands	100.00	9,200	EUR
ABB E-mobility B.V., Delft	Netherlands	74.49	1	EUR
ABB Finance B.V., Rotterdam	Netherlands	100.00	20	EUR
ABB Holdings B.V., Rotterdam	Netherlands	100.00	363	EUR
ABB AS, Fornebu	Norway	100.00	134,550	NOK
ABB Electrification Norway AS, Skien	Norway	100.00	60,450	NOK
ABB Holding AS, Fornebu	Norway	100.00	240,000	NOK
ABB Business Services Sp. z o.o., Warsaw	Poland	99.94	24	PLN
ABB Sp. z o.o., Warsaw	Poland	99.94	320,765	PLN
Industrial C&S of P.R. LLC, Arecibo	Puerto Rico	100.00	—[1]	USD
ABB Electrical Industries Co. Ltd., Riyadh	Saudi Arabia	65.00	100,000	SAR
ABB Pte. Ltd., Singapore	Singapore	100.00	32,797	SGD
ABB Holdings (Pty) Ltd., Modderfontein	South Africa	100.00	217,758	ZAR
ABB Investments (Pty) Ltd., Modderfontein	South Africa	51.00	185,978	ZAR
ABB South Africa (Pty) Ltd., Modderfontein	South Africa	74.91	3,835,544	ZAR
Asea Brown Boveri S.A., Madrid	Spain	100.00	18,245	EUR
ABB AB, Västerås	Sweden	100.00	200,000	SEK
ABB Electrification Sweden AB, Västerås	Sweden	100.00	10,000	SEK
ABB Norden Holding AB, Västerås	Sweden	100.00	2,344,783	SEK
ABB Asea Brown Boveri Ltd, Zurich	Switzerland	100.00	2,767,880	CHF
ABB Capital AG, Zurich	Switzerland	100.00	100	CHF
ABB E-mobility Holding Ltd, Zurich	Switzerland	74.49	1,138	CHF
ABB Schweiz AG, Baden	Switzerland	100.00	55,000	CHF
ABB Verwaltungs AG, Zurich	Switzerland	100.00	1,000	CHF
ABB Ltd., Taipei	Taiwan (Chinese Taipei)	100.00	195,000	TWD
ABB Elektrik Sanayi A.S., Istanbul	Turkiye	99.99	665,000	TRY
ABB Industries (L.L.C.), Dubai	United Arab Emirates	100.00	5,000	AED

Name/Location	Country	Group Interest %	Share capital in thousands	Currency
ABB Industries FZE, Dubai	United Arab Emirates	100.00	3,000	AED
ABB Transmission & Distribution Limited LLC, Abu Dhabi	United Arab Emirates	49.00	18,500	AED
ABB Holdings Limited, Warrington	United Kingdom	100.00	226,014	GBP
ABB Limited, Warrington	United Kingdom	100.00	120,000	GBP
ABB E-mobility Inc., Wilmington, DE	United States	74.49	—	USD
ABB Finance (USA) Inc., Wilmington, DE	United States	100.00	1	USD
ABB Holdings Inc., Cary, NC	United States	100.00	2	USD
ABB Inc., Cary, NC	United States	100.00	1	USD
ABB Installation Products Inc., Memphis, TN	United States	100.00	1	USD
ABB Motors and Mechanical Inc., Fort Smith, AR	United States	100.00	—(1)	USD
ABB Treasury Center (USA), Inc., Wilmington, DE	United States	100.00	1	USD
Edison Holding Corporation, Wilmington, DE	United States	100.00	—(1)	USD
Industrial Connections & Solutions LLC, Cary, NC	United States	100.00	—(1)	USD

(1) Shares without par value.

Caution concerning forward-looking statements

The Corporate Governance Report 2025 includes forward-looking statements and information that are based largely on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions as well as the economic conditions of the regions and the industries that are major markets for ABB. The words “believe,” “may,” “will,” “estimate,” “continue,” “target,” “anticipate,” “intend,” “expect,” “plan” and similar words and the express or implied discussion of strategy, plans or intentions are intended to identify forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, including, among other things, the following: (i) business risks related to the global volatile economic environment; (ii) risks inherent in large, long-term projects served by parts of our business; (iii) changes in interest rates and fluctuations in currency exchange rates; (iv) effects of competition and changes in economic and market conditions in the product markets and geographic areas in which we operate; (v) effects of, and changes in, laws, regulations, governmental policies, taxation, or accounting standards and practices and (vi) other factors described in in our public disclosures, including our quarterly financial information booklet and Annual Reporting Suite. Although we believe that the expectations reflected in any such forward-looking statements are based on reasonable assumptions, we can give no assurance that they will be achieved. We undertake no obligation to update publicly or revise any forward-looking statements because of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking information, events and circumstances might not occur. Our actual results and performance could differ substantially from those anticipated in our forward-looking statements.



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COMPENSATION REPORT 2025



ENGINEERED TO OUTRUN

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Letter from the Chair of the Compensation Committee

Dear Shareholders,

On behalf of the Board of Directors and the Compensation Committee, I am pleased to present the ABB Compensation Report for 2025.

Our focus at the Compensation Committee is to ensure that the compensation structure at ABB drives value creation for our shareholders, represents a motivating package for our executives, and ensures alignment with market best practices and with ABB's Sustainability Agenda.

We are committed to continuous improvement, and on an annual basis, we review our policies and disclosures. This letter summarizes the planned policy changes for year 2026, and the key compensation figures for the year 2025.

SUMMARY OF PLANNED CHANGES IN POLICIES AND DISCLOSURES

Thanks to ABB's strong progress on emissions controls over the past several years, we expect to reach our commitment to reduce emissions by 80 percent (vs. 2019 baseline) well ahead of the 2030 timeline. Hence, any future improvements to emissions reduction will be incremental and no longer represent an adequate measure for our Long-Term Incentive Plans (LTIPs). In addition, we could not identify, at this stage, alternative sustainability measures that are material, measurable and auditable to be used as a company-wide long-term target. On the other hand, we can attest that sustainability is now fully embedded in ABB's plans and processes, with clear accountability to our business leaders, and that the absence of a sustainability measure in our upcoming LTIPs in no way will hinder the focus of our leadership on the matter.

Thus, we will use the current 20 percent weighting of the emissions reduction measure to increase the focus on EPS growth, with a 60 percent weighting (previously 50 percent), and on relative TSR, with a 40 percent weighting (previously 30 percent). This change supports our ambitious financial targets and reinforces value creation for our shareholders. Our active LTIPs (2023, 2024 and 2025), which include sustainability measures, remain unchanged and will continue to run until their last vesting, in 2028.

From 2026, we will also increase the LTIP target grant size for our CEO, from 150 percent to 200 percent of annual base salary. This will bring his total compensation to market reference while strengthening the focus on long-term, performance-driven pay. During our recent interactions with shareholders we received positive feedback for the change in recognition of the need to provide a competitive package, drive pay for performance, and align with the long term interests of our shareholders.

Finally, we will tighten our share ownership requirements for the CEO and all the other Executive Committee (EC) members from 2026 onwards. The current nominal levels will remain at 500 percent and 400 percent, respectively, but the basis for the calculation will be changed from annual base salary net of taxes to annual gross base salary. This will materially increase the wealth at risk exposure to all EC members and reinforce their focus on long-term value creation for ABB's shareholders.

2025 RESULTS AND COMPENSATION POLICY OUTCOMES

2025 was a year of strong operational and financial performance. Overall, most key financial, sustainability and operational targets were met or excelled. ABB continued to grow the operational EBITA margin, increased its order book, and made significant progress in reducing its environmental footprint and contributing to a more sustainable environment. For more information on ABB's 2025 operational, financial and sustainability achievements, please refer to ABB's Integrated Report 2025.

Board of Directors: the total Board compensation for the 2025–2026 term was CHF 4.22 million, which is lower than the maximum amount approved at the Annual General Meeting 2025 (CHF 4.3 million). There has been no change to the individual Board member fees since 2015.

Executive Committee: Four EC members in place at the time of ABB's annual salary review received a salary adjustment in March 2025, to address their exceptional performance and to ensure their total compensation opportunity does not fall behind their relevant market reference.

The average award for EC members under the Annual Incentive Plan (AIP) for 2025 was 114.8 percent (out of a maximum of 150 percent), compared to 119 percent in 2024. The achievement level of the 2022 LTIP, which vested in 2025, was 181.2 percent (out of a maximum of 200 percent), driven by strong evolution of ABB's EPS and sustainability targets, as well as a solid relative TSR during the last three years.

The total EC compensation was CHF 33.7 million in 2025, reflecting the strong performance-related results, as summarized in Exhibit 23, and presented in detail in Exhibit 41. This amount was significantly lower than the maximum amount (CHF 45.9 million) approved at the Annual General Meeting 2024 for the financial year 2025.

GOVERNANCE

At the Annual General Meeting, scheduled for March 19, 2026, you will be asked to vote on the maximum aggregate compensation for the Board for its 2026–2027 term and on the maximum aggregate compensation for the EC in 2027.

In 2025 we conducted a Board compensation review and, 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 other Board fees are in line with the market and do not require any correction.

The maximum aggregate compensation for the EC will decrease from the level requested for the prior year. This is primarily influenced by the change in composition of the EC, including the reduction of one position, from nine to eight members, due to the divestment of ABB's Robotics business.

Finally, this report will also be submitted for a non-binding, consultative vote by shareholders.

We have pursued an open and regular dialogue with our stakeholders, as we continue to improve our compensation system. On behalf of the Compensation Committee, I thank you for your continued trust in ABB and for your consistently supportive feedback.

Frederico Fleury Curado

Chair of the Compensation Committee

Zurich, February 18, 2026

AT A GLANCE

BOARD OF DIRECTORS (BOARD) COMPENSATION

Compensation for the 2025–2026 term of office

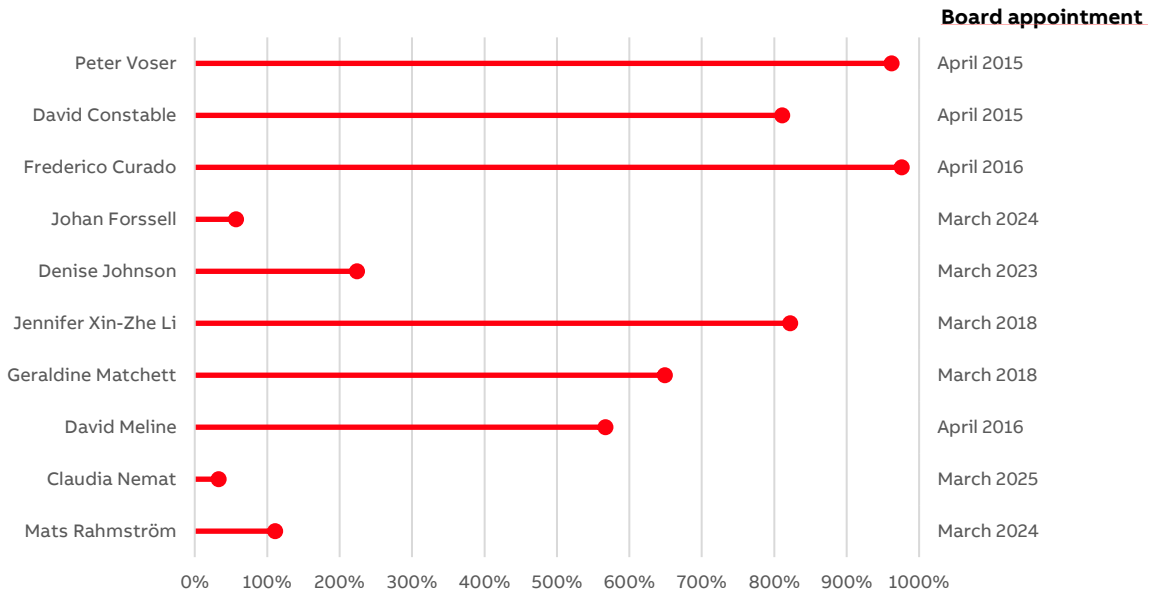
The total Board compensation for the 2025–2026 term of office was within the maximum amount approved at the Annual General Meeting (AGM) 2025.

Exhibit 1: Board compensation (in CHF) for the 2025–2026 term of office	
Total compensation	4,220,000
Approved compensation amount	4,300,000

Share ownership of Board members

We require our Board members to be ABB shareholders by receiving at least half of their Board compensation in ABB shares. Except for the four members who joined the Board recently, most of our Board members held ABB shares on December 31, 2025, worth at least 500 percent of their 2025 Board compensation.

Exhibit 2: Board members shareholding (on December 31, 2025) in percent of their 2025 total compensation[1]

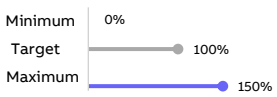
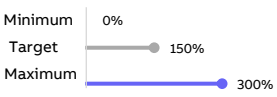
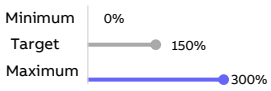
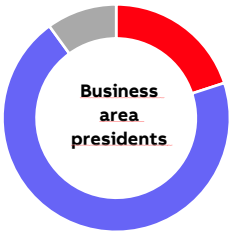
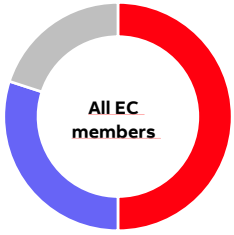


(1) Based on share price of CHF 50.47, the 2025 Long-Term Incentive Plan (LTIP) reference price, and shares held on December 31, 2025.

EXECUTIVE COMMITTEE (EC) COMPENSATION

Compensation structure during 2025

Exhibit 3: Executive Committee compensation structure during 2025

	Fixed compensation – base salary and benefits	Variable compensation – short-term incentive (AIP)	Variable compensation – long-term incentive (LTIP)	Wealth at risk/ Share ownership
Purpose and link to strategy	Facilitates attraction and retention of talented EC members; base salary compensates for the role and relevant experience; benefits protect against risk	Rewards annual ABB (the 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
Operation	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
Opportunity level (as % of base salary)	Based on scope of responsibilities, personal experience, and skillset		**CEO**  **Other EC members**(1) 	**CEO** 500% of annual salary (net of taxes) **Other EC members** 400% of annual salary (net of taxes)
Performance indicators	Changes to base salary consider individual performance, future potential, broadening of responsibilities, and external benchmarking	 90% Group financial results 10% Sustainability results  20% Group financial results 70% Business area financial results 10% Sustainability results	 50% Average EPS 30% Relative TSR 20% Sustainability	Exposure to ABB share price

(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 the newer EC members is largely offset by lower pension and other benefit costs.

Total EC compensation for 2025

The total EC compensation was CHF 33.7 million in 2025, reflecting the strong performance-related variable pay awards.

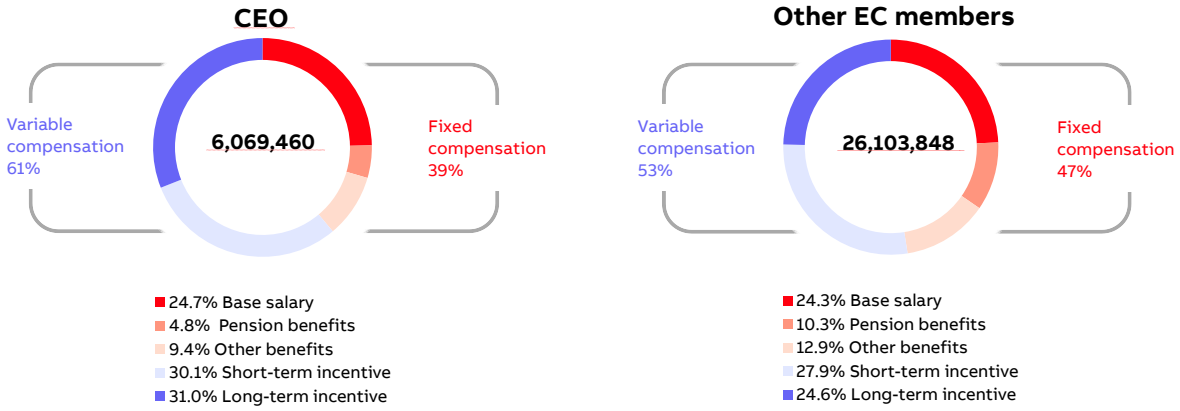
This amount was substantially lower than the CHF 45.9 million approved at the AGM 2024 for the financial year 2025, reflecting the lower compensation levels of the newly appointed EC members, lower AIP payouts, much lower 2025 LTIP grant fair value deriving from an approximately 20 percent lower ABB share price on the grant date compared to the LTIP reference price fixed for the 2025 LTIP and lower payments to former EC members.

Exhibit 4: EC compensation (in CHF) for 2025	
Total compensation	33,734,870
Maximum aggregate compensation approved at the AGM 2024	45,900,000

Compensation of EC members located outside of Switzerland was converted into Swiss Francs, applying the yearly average foreign exchange rates for the year 2025.

Exhibit 5 shows the composition of the 2025 total compensation for the EC members on December 31, 2025. The largest portion of the CEO's 2025 total compensation was performance driven (61 percent), represented by short-term and long-term incentives. For the other EC members, on an aggregate level, variable compensation represented 53 percent of their 2025 total compensation. Note that compensation paid in 2025 for former EC members is not included in Exhibit 5, which can be found in Exhibit 41 in the section "Compensation tables and share ownership tables".

Exhibit 5: 2025 total compensation mix (in CHF) for the CEO and other EC members on aggregate level(1)



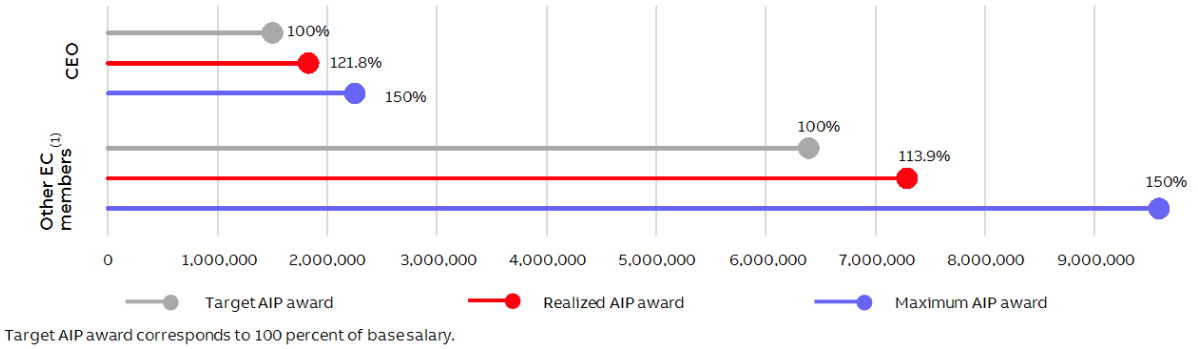
(1) Composed of 2025 base salary, 2025 AIP, 2025 LTIP grant, pension benefits, and other benefits. 2025 AIP represents accrued short-term incentive for the year 2025, which will be paid in 2026, after the publication of ABB's financial results. The sum of percentage figures may differ from 100 percent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

Realized EC 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. This additional level of transparency is designed to support stakeholder's understanding of the link between pay and performance we seek to ensure at ABB.

The average outcome of the 2025 AIP for all EC members (Exhibit 6) was above the target (114.8 percent on average), and the LTIP that vested in 2025 (2022 LTIP) exceeded the target level, with a final vesting level of 181.2 percent of target (Exhibit 7).

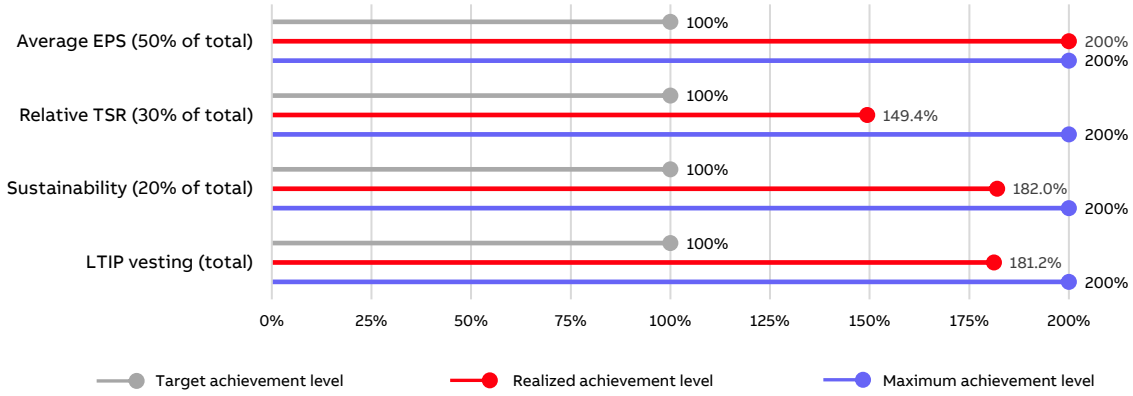
Exhibit 6: 2025 AIP outcome compared to target



Target AIP award corresponds to 100 percent of base salary.

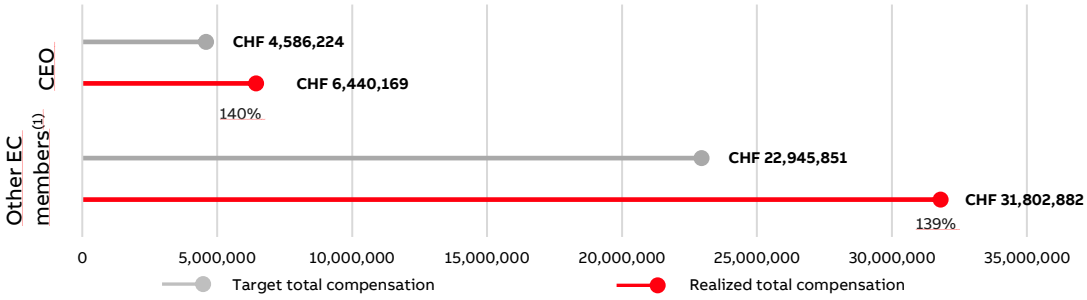
(1) On aggregate level, while individual outcomes range from 64.8 to 128.4 percent.

Exhibit 7: 2022 LTIP outcome compared to target



Considering the variable components stated above, the realized total compensation in 2025 was above the target for all EC members, driven by strong performance and the high level of achievement against the targets for the 2022 LTIP, which vested in 2025. In addition to the high 2022 LTIP vesting level, the increase in our share price of approximately 48 percent over the vesting period has positively influenced the level of realized LTIP related compensation.

Exhibit 8: Realized total compensation in 2025 compared to target total compensation



(1) On an aggregate level, while individual outcomes range from 110 to 150 percent.

Further details related to the realized compensation of each EC member and each compensation component are specified in Exhibit 47.

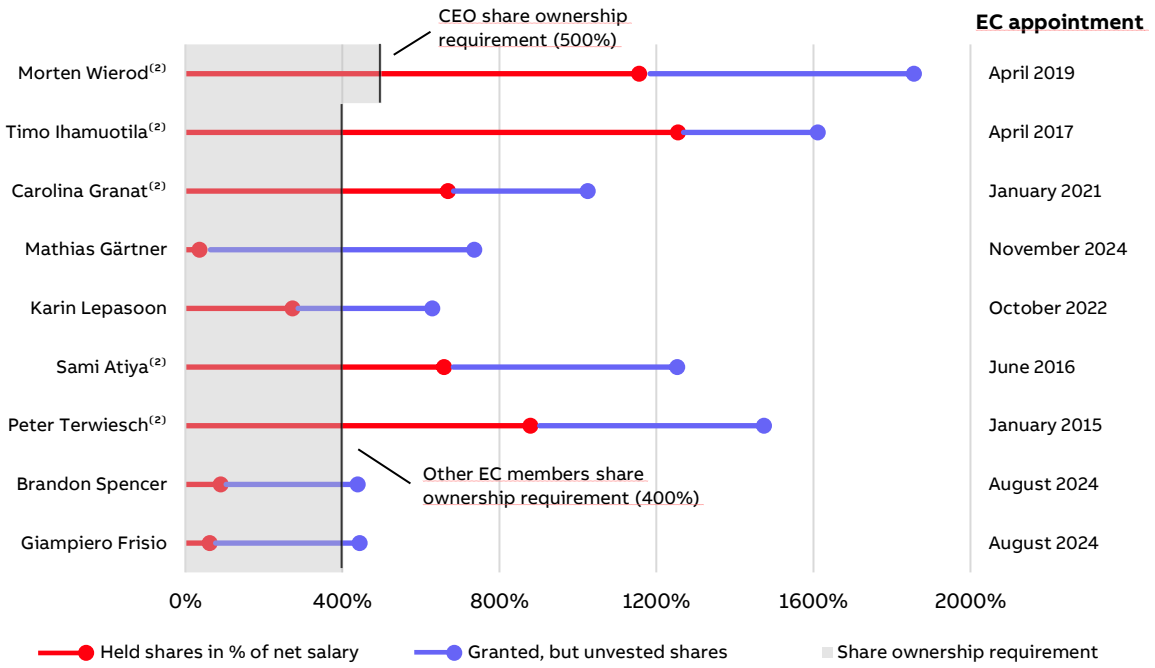
Share ownership of EC members

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 9: EC shareholding compared to share ownership guideline[1]



(1) Based on share price of CHF 50.47, the 2025 LTIP reference price, and shares held or granted on December 31, 2025. Future allocation of granted, but unvested, shares is based on target achievement level and relevant plan specific settlement: default settlement of the final 2023 LTIP, 2024 LTIP and 2025 LTIP, and replacement share awards is 100 percent in shares. The value of shares is compared against the annual base salary net of taxes, on December 31, 2025.

COMPENSATION GOVERNANCE

We prepared this Compensation Report (Report) in accordance with the Swiss Code of Obligations, the Directive on Information relating to Corporate Governance of the SIX Exchange Regulation, and the rules of the stock market of Sweden, where ABB shares are also listed. In addition, we consider the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

ABB'S ARTICLES OF INCORPORATION

ABB's Articles of Incorporation, approved by its shareholders, contain provisions on compensation which govern and outline the principles of compensation relating to our Board of Directors and Executive Committee. They are published on ABB's Corporate Governance website new.abb.com/about/corporate-governance and summarized below:

- **Compensation Committee** (Articles 28 to 31): The Compensation Committee (CC) is composed of a minimum of three members of the Board and are elected individually by the shareholders at the Annual General Meeting for a period of one year. It supports the Board in establishing and reviewing the compensation strategy and policy, determining the compensation of the Board and the EC, and in preparing the proposals to the AGM on compensation matters. The responsibilities of the CC are defined in more detail in the Board Regulations and Corporate Governance guidelines, which are published on ABB's Corporate Governance website.

- **Compensation principles** (Article 33): Compensation of the members of the Board consists of fixed compensation only, which is delivered in cash and shares (with an option to elect for shares only). Compensation of the members of the EC consists of fixed and variable compensation. Variable compensation may comprise short-term and long-term elements. Compensation may be paid in cash, shares, or other benefits.

- **"Say-on-pay" vote** (Article 34): Shareholders approve the maximum aggregate amount of compensation of the Board for the following Board term and of the EC for the following financial year.

- **Supplementary amount for new EC members** (Article 35): If the maximum approved aggregate compensation amount is not sufficient to also cover the compensation of newly appointed EC members, up to 30 percent of the last maximum approved aggregate amount shall be available as a supplementary amount to cover the compensation of such new EC members.

- **Loans** (Article 37): Loans may not be granted to members of the Board or the EC.

AUTHORITY LEVELS IN COMPENSATION MATTERS

The authority levels of the different bodies on compensation matters are detailed in Exhibit 10.

Exhibit 10: Authority levels in compensation matters

	CEO	CC	Board	AGM
Maximum aggregate compensation amount for the EC		●	●	●
CEO compensation		●	●	
Individual compensation of other EC members	●	●		
Maximum aggregate compensation amount for the Board		●	●	●
Individual compensation of Board members		●	●	
Compensation Policy		●	●	
Compensation Report		●	●	Consultative vote

● Recommendation ● Proposal ● Approval

ACTIVITIES OF THE CC IN 2025

The CC meets as often as business requires but at least four times a year. In 2025, the CC held seven meetings and performed the activities described in Exhibit 11. The CEO, the Chief Human Resources Officer (CHRO) and the Head of Performance and Reward also attend all or part of the CC meetings in an advisory capacity. The Chair of the CC may decide to invite other executives upon consultation with the CEO, as appropriate. Executives do not attend the meetings or the parts of the meetings in which their own compensation and/or performance are being discussed. We provide further details in the section “Board of Directors – Meetings and attendance” of our Corporate Governance Report 2025.

Exhibit 11: CC activities during 2025

Strategy
Review of LTIP design and structure
Continued monitoring of link between sustainability and compensation
Board compensation
Review of compensation benchmarking for Board members (biennial activity)
EC compensation
Review of individual compensation for EC members
Review of the share ownership of EC members
Review of compensation for new and departing EC members
Performance – relating to past performance cycle
Setting of AIP design, measures and targets for 2025
Assessment of AIP awards for 2024
Assessment of achievement of performance targets for LTIP awards vesting in 2025
Performance – relating to forthcoming performance cycle
Consideration of preliminary AIP measures and targets for 2026
Setting of performance targets for LTIP grants in 2025 (vesting in 2028)
Consideration of forecast achievement against performance targets for unvested LTIP grants
Compliance
Review of CC annual plan
Review of feedback from Stakeholder Engagement meetings
Regulatory and market updates
Review of the Compensation Report for publication
Preparation of maximum aggregate compensation for the Board to be submitted for AGM vote
Preparation of maximum aggregate compensation for the EC to be submitted for AGM vote

The Chair of the CC reports to the full Board regularly, usually after each CC meeting. The minutes of the CC meetings are available to the members of the Board.

The CC retains independent, external advisors for compensation matters. In 2025, the CC mandated PricewaterhouseCoopers (PwC) to provide these services. In addition to its CC advisory role, PwC also provided human resources, tax, and advisory services to ABB in 2025. Other external advisors were employed in 2025 by the CC and management.

SUSTAINABILITY-RELATED CONSIDERATIONS IN ABB'S COMPENSATION

Regarding the AIP for 2025, all EC members had two mandatory sustainability targets with a combined weighting of 10 percent of their target award. All EC members shared a common governance goal designed to help deliver ABB's obligations under the Deferred Prosecution Agreement (DPA), in line with our commitments to the US Department of Justice, while the second sustainability goal varied. The CEO and two other corporate officers had an environmental target related to scope 1 and 2 greenhouse gas (GHG) emissions reduction. All business area presidents had a safety target (reduction of the Total Recordable Incident Frequency Rate - TRIFR). The CHRO had a diversity target related to an increase in the proportion of women in senior management roles and the CFO had a governance target related to internal controls.

Regarding the LTIP granted to ABB's executives in 2025, including the EC, we continued to carry a company-wide sustainability performance measure, with a weighting of 20 percent. For the 2025 LTIP, our sustainability performance measure was the Company's scope 1 and 2 GHG emissions reduction at the end of a three-year performance period, compared to the baseline of 2024.

Thanks to our strong progress on emissions control over the past several years, we expect to reach our commitment to reduce emissions by 80 percent, compared to a 2019 baseline, well ahead of the initial 2030 timeline. Hence, further improvements to emissions reduction will be incremental and no longer represent an adequate measure for our LTIP. 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 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.

PROGRAMS FOR ABB EMPLOYEES

In addition to the offer of fair and competitive compensation to our employees, we also strive to offer additional programs to reinforce the social contract with our employees. We summarize selected supporting key programs and their links to our Sustainability Agenda in Exhibit 12.

Exhibit 12: Selected programs for employees

Program	Operation and purpose	Link to ABB's Sustainability Agenda
Employee Share Acquisition Plan (ESAP)	Offered to over 110,000 employees in over 60 countries, providing the opportunity to become ABB shareholders and purchase shares in ABB one year after the start of a plan, at a price which gets fixed and confirmed at the beginning of each annual plan cycle. In all ABB locations where ESAP is offered the opportunity for share ownership is the same for permanent full-time and permanent part-time employees at ABB.	Supports social goal by allowing employees to share into the Company's long-term success and aligns employees' interests with the interests of shareholders.
Parental Leave	A global and gender-neutral program, offered to all employees, which sets out a minimum standard on paid parental leave that supports all family types. The primary caregivers receive 12 weeks of paid leave and the secondary caregivers four weeks following the birth of a child or when becoming a new parent by adoption or surrogacy.	Supports social goals, promotes wellbeing and the ABB value of "Care".
Employee Assistance	A global program, offered to all employees. The program supports the employee's wellbeing by offering paid counseling on emotional health, family concerns and workplace concerns.	Supports social goals, promotes wellbeing and the ABB value of "Care".
Sustainability Allowance	Offered to selected employees based on business need or market practice, with any car provision being progressively migrated to e-vehicles or transportation allowances which can be used to contribute to public transport, cycle, or other transport needs.	Supports environmental goals by addressing changed needs related to mobility and providing greater flexibility to opt for more environmentally friendly solutions.

BOARD COMPENSATION POLICY

We design our compensation policy for the members of the Board of Directors to attract and retain experienced people to the Board. Board compensation levels consider the responsibilities, time and effort required to fulfill the respective roles on the Board and its committees.

COMPETITIVE POSITIONING OF BOARD COMPENSATION

The levels and the mix of Board members' compensation are regularly compared against the compensation of non-executive Board members from a cross-selection of publicly traded companies in Switzerland (SMI 20), excluding financial services companies. Such a review was last undertaken in 2025, with the Company peer group, which includes Alcon, Geberit, Givaudan, Holcim, Kuehne + Nagel, Logitech, Lonza, Nestle, Novartis, Richemont, Roche, Sika and Swisscom. There has been no change to the individual Board member fees since 2015, and to the Chair of the Board fee since 2007. As a result of the 2025 review, ABB will propose to shareholders at the AGM 2026 the increase of the maximum aggregate compensation for the Board, resulting from the need to adjust the compensation for the Chair of the Board, bringing it in line with the current market.

BOARD COMPENSATION STRUCTURE

A fixed fee is payable to the Chair, Vice-Chair (if appointed) and members of the Board, and additional fees are payable for chairing or membership of a Board committee, except for the Chair of the Board. Board members are paid for their service over an annual Board term that starts with their election at the AGM. Payment of fees is made in semi-annual installments in arrears.

We require our Board members to take 50 percent of their compensation in shares, while they may elect to receive 100 percent in shares. The number of shares delivered is calculated prior to each semi-annual fee payment by dividing the monetary amount to which the Board members are entitled by the average closing price of the ABB share over a predefined 30-day period. The delivered shares are subject to a three-year restriction period during which they cannot be sold, transferred, or pledged. Any restricted shares are unblocked when a Board member leaves the Board.

BOARD FEES BY ROLE

For the term of office from the AGM 2025 to the AGM 2026, there was no adjustment made to Board fees, as set out in Exhibit 13. No Vice-Chair was appointed for that term of office.

Exhibit 13: Board fees (in CHF) by role	
Chair of the Board[1]	1,200,000
Member of the Board	290,000
Additional committee fees:	
Chair of Finance, Audit and Compliance Committee	110,000
Chair of Compensation Committee or Chair of Governance and Nomination Committee	60,000
Member of Finance, Audit and Compliance Committee	40,000
Member of Compensation Committee or Member of Governance and Nomination Committee	30,000

(1) The Chair of the Board does not receive any additional committee fees.

IMPLEMENTATION OF BOARD COMPENSATION POLICY

TOTAL BOARD COMPENSATION

The compensation paid to the Board members for the calendar year 2025 and for the term of office from the AGM 2025 to the AGM 2026 are disclosed in Exhibit 14 below.

At the AGM 2025, the shareholders approved a maximum aggregate compensation amount of CHF 4.30 million for the 2025–2026 Board term. This amount is lower than the approved amount for the previous Board term. The Board compensation to be paid for the 2025–2026 Board term is CHF 4.22 million and is therefore within the amount approved by the shareholders.

Exhibit 14: Board compensation (in CHF)

	Board term	
Board of Directors	**2025–2026**	**2024–2025**
Number of members	10	10
Total compensation	4,220,000	4,250,000
Maximum aggregate compensation amount approved at previous AGM	4,300,000	4,400,000

We disclose amounts by individual Board member in Exhibit 15 below, and in Exhibits 38 and 39, respectively, in the section “Compensation tables and share ownership tables”.

BOARD FEES BY MEMBER

The following Exhibit 15 sets out the total compensation by member for the 2025–2026 Board term.

Exhibit 15: Board compensation by member (in CHF) for the 2025–2026 term of office

Name	Board	Compensation Committee	Finance, Audit and Compliance Committee	Governance and Nomination Committee	Total Compensation
Peter Voser[1]	1,200,000	-	-	-	1,200,000
David Constable[2]	290,000	30,000	-	-	320,000
Frederico Curado[3]	290,000	60,000	-	-	350,000
Johan Forssell[2]	290,000	-	-	30,000	320,000
Denise Johnson[2]	290,000	-	40,000	-	330,000
Jennifer Xin-Zhe Li[2]	290,000	30,000	-	-	320,000
Geraldine Matchett[2]	290,000	-	-	30,000	320,000
David Meline[3]	290,000	-	110,000	-	400,000
Claudia Nemat[2]	290,000	-	40,000	-	330,000
Mats Rahmström[2]	290,000	-	40,000	-	330,000
Total					**4,220,000**

(1) Chair of the Board, who 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.

COMPENSATION OF FORMER BOARD MEMBERS

In 2025, we did not make any payment to former Board members other than those disclosed in this Report.

COMPENSATION FOR SERVICES RENDERED

In 2025, we did not pay any fees or compensation to Board members for services rendered to ABB other than those disclosed in this Report.

SHARE OWNERSHIP OF BOARD MEMBERS

The members of the Board collectively owned less than one percent of ABB's total shares outstanding on December 31, 2025.

Exhibit 2 in the section "At a glance" shows the wealth at risk for each Board member, comparing the value of shares held on December 31, 2025, with the total compensation for the 2025–2026 term of office. Except for four members who joined the Board recently, all our Board members held ABB shares on December 31, 2025, worth at least 500 percent of their 2025 Board compensation.

Exhibit 40 in the section "Compensation tables and share ownership tables" shows the number of ABB shares held by each Board member on December 31, 2025, and 2024. Except as described in Exhibit 40, no member of the Board and no person closely linked to a member of the Board held any shares of ABB.

EXTERNAL MANDATES HELD BY BOARD MEMBERS

Except for one member who joined our Board in 2025, all other Board members held at least one external mandate in other companies, as detailed in the following Exhibit 16.

Exhibit 16: Board members with external mandates on December 31, 2025 (audited)

Name	Company	Listed company	2025 new mandate vs 2024	Mandate
Peter Voser	IBM Corporation, Armonk, United States of America	•		Member of the Board of Directors Chairman of the Audit Committee Member of the Board's Executive Committee
	Temasek Holdings (Private) Limited, Singapore, Singapore			Member of the Board of Directors Chairman of the Risk & Sustainability Committee Member of the Leadership & Compensation Committee
	PSA International Pte Ltd, Singapore, Singapore			Group Chairman of the Board of Directors
David Constable	Fluor Corporation, Irving, United States of America	•		Chairman of the Board of Directors Chairman of the Board's Executive Committee
Frederico Curado	Transocean Ltd., Zug, Switzerland	•		Member of the Board of Directors Chairman of the Governance, Safety and Environment Committee
	LATAM Airlines Group, Santiago, Chile	•		Member of the Board of Directors Chairman of the Audit Committee Chairman of the Strategy Committee Member of the Compensation Committee
Johan Forssell	Atlas Copco AB, Nacka, Sweden	•		Member of the Board of Directors Member of the Audit Committee
	Wärtsilä Oyj Abp, Helsinki, Finland	•		Member of the Board of Directors
	Epiroc AB, Stockholm, Sweden	•		Member of the Board of Directors Member of the Remuneration Committee
Denise Johnson	Caterpillar Inc., Deerfield, United States of America	•		Group President, Resource Industries
Jennifer Xin-Zhe Li	Changcheng Investment Partners, Beijing, China			Founder and General Partner
	SAP SE, Walldorf, Germany	•		Member of the Board of Directors Chairwoman of the Audit and Compliance Committee Member of the Finance and Investment Committee
	Full Truck Alliance Co. Ltd., Guizhou / Nanjing, China	•		Member of the Board of Directors Chairwoman of the Audit Committee
Geraldine Matchett	Nestlé S.A., Vevey, Switzerland	•		Member of the Board of Directors Member of the Audit Committee
	Swiss Re Ltd, Zurich, Switzerland	•		Member of the Board of Directors Member of the Governance, Nomination and Sustainability Committee Member of the Risk Committee
David Meline	HP Inc., Palo Alto, United States of America	•		Member of the Board of Directors Chairman of the Audit Committee Member of the Finance, Investment and Technology Committee
	Lonza Group Ltd, Basel, Switzerland	•	•	Member of the Board of Directors • Member of the Audit Committee • Member of the Remuneration Committee
	Eikon Therapeutics, Inc., Millbrae, United States of America		•	Member of the Board of Directors
Mats Rahmström	Piab Group AB, Danderyd, Sweden			Chairman of the Board of Directors
	AB SKF, Gothenburg, Sweden	•	•	Vice Chair of the Board of Directors
	Investor AB, Stockholm, Sweden	•		Member of the Board of Directors
	Qvantum Industries AB, Astorp, Sweden			Member of the Board of Directors
	SMD Logistics AB, Stockholm, Sweden			Member of the Board of Directors

EXECUTIVE COMMITTEE COMPENSATION POLICY

Our EC compensation policy reflects ABB's commitment to attract, motivate and retain people with the skills and experience necessary to strengthen its position as a leading global technology company.

EC COMPENSATION STRUCTURE

Our EC compensation structure is designed to be competitive, based on performance, and to encourage executives to deliver outstanding results and create sustainable shareholder value without taking excessive risks. Our EC compensation framework therefore balances fixed and variable compensation. Variable compensation is provided through short-term and long-term incentives based on strategic, financial and sustainability related targets, recognizing Group, business area and corporate function performance, as well as individual performance.

This structure is linked to our strategy and is illustrated in Exhibit 3 in the section "At a glance".

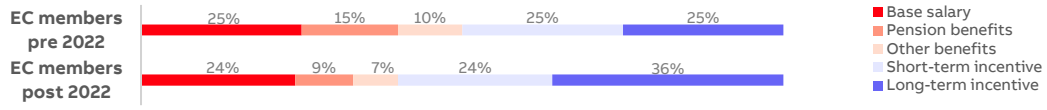
A significant portion of total compensation depends on variable pay components, which require the achievement of challenging performance targets, in alignment with ABB's Annual and Long-Term Performance Plans.

- The target AIP award is defined as a percentage of base salary, currently 100 percent for all EC members. If performance is below defined thresholds on all financial, sustainability and individual performance measures, there is no award under the AIP. When performance exceeds targets, the maximum award is capped at 150 percent of the targeted award.

- The target LTIP grant size is defined as a percentage of base salary, currently 150 percent for the CEO and 100 to 150 percent for other EC members. If performance is below defined thresholds for all applicable measures, there is no award under the LTIP. When performance exceeds targets, the maximum award is capped at 200 percent of the conditional grant.

The Exhibit below shows the impact of the application of the new compensation policy introduced in 2022, which provides a greater emphasis on variable pay, especially reflected in the long-term component.

Exhibit 17: Policy for target compensation mix of EC members (excluding CEO) appointed prior to and after 2022[1]



(1) Policy changes for new EC entrants (excluding the CEO), applying an entry level salary of CHF 700,000 and an incumbent age of 50 years to reflect the pension benefits. Note that, by exception, the new mix of target compensation was not applied to the newly appointed Chief Communications and Sustainability Officer, where a target LTIP of 100 percent of base salary was applied.

COMPETITIVE POSITIONING OF EC COMPENSATION

The Board and the CC consider competitive market data when setting the compensation policy for the EC. It is also one of several factors in positioning the target compensation for individual EC members which include:

- individual profile of the EC member in terms of experience and skills;
- individual performance and potential;
- market value of the role (compensation benchmarking).

Comprehensive EC compensation benchmark reviews are performed every other year. The CC conducted the last review in 2024, considering three distinct peer groups.

While each of these peer groups used in the benchmarking exercise matched the size, scope or complexity of ABB, and excluded companies from the financial services sector, the application of a specific peer group depends on the nature of the role and the source of relevance. For example, our Board places a stronger emphasis on the Global Industry Group for operational roles and in compensation design, and on the Pan-European Market peer group for functional roles. In all cases, the other two peer groups are used to stress test the findings of the primary peer group (see the summary in Exhibit 18 below).

Exhibit 18: Peer groups for EC compensation benchmarking

Peer group	Composition	Companies	Rationale
Global Industry Group	A tailored group of 15 global industry peer companies, matching the scale and complexity of ABB	AB SKF, Alstom, Airbus, Atlas Copco, Denso, Eaton, Emerson Electric, Honeywell, Mitsubishi Electric, Mitsubishi Heavy Industries, Schneider Electric, Schindler, Siemens, Thermo Fisher Scientific, Traton	Focus for CEO role and business area roles and for benchmarking compensation design
Pan-European Market	A panel of 54 cross-industry European companies, matching the scale and complexity of ABB	See footnote (1)	Focus for corporate officer roles; continuity and stability of data points
Swiss Market	A panel of 16 Swiss headquartered companies, matching the scale and complexity of ABB	Adecco, Geberit, Givaudan, Glencore, Holcim, Kuehne & Nagel, Nestle, Novartis, Richemont, Roche, Schindler, SGS, Sika, STMicroelectronics, Swatch, Swisscom	Swiss location of headquarters

(1) AB InBev, Adidas, Air Liquide, Airbus, Associated British Foods, AstraZeneca, Atlas Copco, BAE Systems, Bayer, Bouygues, British American Tobacco, Compass Group, Continental, CRH, Danone, Endesa, Ericsson, EssilorLuxottica, Fresenius, Fresenius Medical Care, GlaxoSmithKline, Heidelberg Materials, Heineken, Henkel, Hennes & Mauritz, Holcim, Iberdrola, Imperial Brands, Industria de Diseno Textil, Jeronimo Martins, Kuehne + Nagel, Linde, L'Oreal, Michelin, National Grid, Naturgy Energy Group, Nokia, Novartis, Novo Nordisk, OMV, Philips, Rio Tinto, Safran, Saint Gobain, Sanofi, SAP, Schneider Electric, Siemens, Thales, Umicore, Unilever, Veolia Environment, Vinci and Vodafone.

It is the intention to position target compensation for individual EC members between the median and upper quartile of the relevant peer group(s) considering the other factors referenced above (e.g., the EC member's skills, experience, performance and potential).

The comparison of ABB to its compensation benchmarking peer groups is shown in Exhibit 19. This data shows that ABB is typically positioned around the median of key comparator indicators (market capitalization, revenues, and number of employees) against the Global Industry Group and Pan-European Market peer group, and around the upper quartile of the Swiss Market peer group. The next EC compensation benchmarking review is planned to take place in 2026.

Exhibit 19: Comparison of ABB to compensation benchmarking peer groups

	Market capitalization[1][2][3][4]	Revenues[1][2][4][5]	Number of employees[1][5][6]
ABB	**90.5**	**27.1**	**107,900**
Global Industry Group			
Upper Quartile	112.8	39.3	148,514
Median	54.5	30.9	95,000
Lower Quartile	27.4	15.8	74,052
Pan-European Market			
Upper Quartile	94.3	38.5	134,156
Median	44.3	28.7	89,288
Lower Quartile	20.3	22.0	63,390
Swiss Market			
Upper Quartile	63.0	30.1	77,899
Median	35.4	17.3	57,386
Lower Quartile	23.2	10.3	33,588

(1) Data are sourced from Thomson Reuters and London Stock Exchange Group.
(2) Market capitalization and revenues are in CHF billions.
(3) Market capitalization is averaged over a period of three months (June 9, 2024, to September 9, 2024).
(4) All currencies have been converted to CHF, where needed, applying full-year average currency exchange rates based on the period from July 1, 2023, to June 30, 2024.
(5) Revenues and number of employees as per last financial year prior to October 2024.
(6) Number of employees in full-time equivalent (FTE) unless FTE information was not available, then in total number of employees.

COMPENSATION ELEMENTS

For each compensation element (base salary and benefits, short-term incentive, and long-term incentive) we set out the operation, the opportunity level and the performance measures in Exhibit 3 of the section “At a glance”. This section provides further details for each compensation element.

Fixed compensation – base salary and benefits

Base salary is paid in cash. Benefits consist primarily of retirement, insurance and healthcare plans that are designed to provide a reasonable level of support for the employees and their dependents in case of retirement, disability or death.

Base salary is set with reference to the scope of responsibilities, personal experience and skills, and competitive market data. Over time, base salary is adjusted considering the executive’s performance and future potential

Benefit plans are set in line with the local competitive and legal environment and are, at a minimum, in accordance with the legal requirements of the respective country.

Short-term incentive (variable compensation) – Annual Incentive Plan (AIP)

The AIP opportunity levels for the EC are 100 percent of base salary at target, with a maximum opportunity of 150 percent.

We structured the AIP to incentivize operational delivery and underpin our performance culture. As such, it is focused on our annual key priorities, with a maximum of six measures.

- A collaborative Group financial measure with a 20 to 30 percent weighting.
- Up to four Group or business area financial measures, with a 60 to 70 percent weighting.
- One or two sustainability performance measures with a weighting of 10 percent.

A summary of the composition and total weighting of the measures for all EC members is set out in Exhibit 20.

Exhibit 20: Composition and weighting of AIP measures for EC members		
	CEO and corporate officers[1]	**Business area presidents**
Collaborative Group financial measure	**30%**	**20%**
Other Group financial measures	Up to three measures **60%**	n.a.
Business area financial measures	n.a.	Up to four measures **70%**
Sustainability measures	Two goals or targets **10%**	Two goals or targets **10%**
Total	**100%**	**100%**

(1) Corporate officers include Chief Financial Officer, Chief Human Resources Officer, General Counsel and Company Secretary, and Chief Communications and Sustainability Officer.

For each measure, a target level, corresponding to the expected level of performance that will generate a target (100 percent) award, will be set. For each measure, a minimum level of performance, below which there is no award (threshold), and a maximum level of performance, above which the award is capped at 150 percent of the target (maximum) award, will also be set.

The payment conditions for financial AIP measures are summarized in Exhibit 21. For Group and business area financial measures, the award percentage-achievements between threshold and target level, as well as between target and maximum level are determined by linear interpolations between these award points.

Exhibit 21: Payment conditions for the AIP of EC members				
Level of performance	**Below threshold**	**Threshold**	**Target**	**Maximum**
Award achievement per measure	0%	>0%	100%	150%

The outcomes of the financial AIP measures are subject to appropriate discretionary upward or downward adjustments by the CC for non-operational items and other adjustment principles agreed with the Board, if and to the extent the CC considers this appropriate.

In addition, the CC/Board have discretionary authority to adjust the results and/or the AIP award. This specifically includes a downwards adjustment based on safety performance, including fatalities.

Since 2024, our AIP for EC members is subject to malus and clawback provisions, which include illegal activities, any financial misstatement and reputational damage that have a material impact on ABB Ltd or one of our subsidiaries. This means that the Board may decide not to award any unpaid AIP award (malus) to EC members or may seek to recover AIP compensation that has been settled in the past (clawback) to EC members. The clawback provision applies for a period of up to three years following the date that any AIP award was paid.

Long-term incentive (variable compensation) – Long-Term Incentive Plan (LTIP)

In 2025, we offered the LTIP, exclusively in the form of Performance Share Unit (PSU) grants, to approximately 90 executives. The LTIP described in this Report represents the PSU plan and as such is applicable to EC members. In addition, we offered another LTIP in the form of Restricted Share Unit (RSU) grants to approximately 500 senior leaders and approximately 380 selected key employees below the executive cadre.

From 2026, we will extend the use of PSUs further down into the organization, covering all our executives and senior leaders (approximately 590), while maintaining RSUs for approximately 380 selected key employees.

For the CEO, the annual LTIP opportunity level is 150 percent of base salary at target, with a maximum opportunity of 300 percent of base salary.

As a result of the policy change announced in our Compensation Report 2021, the annual target and maximum opportunity levels for EC members range from 100 to 200 percent of annual base salary (old policy application) and from 150 to 300 percent of annual base salary (new policy), respectively.

The CC conducted a review of ABB's long-term incentive arrangements in 2025 to ensure they remain aligned with our business requirements and market best practices. As a result, 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 his compensation with the market and strengthen the focus on long-term performance driven pay.

Our Board has the discretionary option not to make any grants in certain circumstances.

The relative opportunity level under our LTIP offering is the same for permanent full-time and permanent part-time employees.

The LTIP has, since 2022, three performance measures with the following relative weighting:

Earnings Per Share (EPS) – 50 percent weighting

- Achievement against this measure is determined by ABB's average EPS over a three-year period. The average EPS result is calculated from the sum of the EPS for each of the three relevant years, divided by three.
- EPS is defined as diluted earnings per share attributable to ABB shareholders, calculated using Income from continuing operations, net of tax, unless the Board elects to calculate using Net income for a particular year.
- Appropriate threshold (zero), target (100 percent) and maximum (200 percent) award points are reviewed by the CC on an annual basis.
- Performance target and award points are set using our Long-Term Performance Plan and are calibrated with an independent "outside-in" view, considering the growth expectations, risk profile, investment levels and profitability levels that are typical for the industry.
- Adjustments to the outcome of the EPS achievement level may be considered for items which are not part of, or the result of, the normal course of business operations and/or which were not considered, either by way of inclusion or exclusion, for the target-setting of a specific LTIP launch. Only the net impact of such adjustments over the vesting period of the respective LTIP grant will be considered. The impact of share buybacks will not be considered as an adjustment. The same number of outstanding shares applicable at the time of the EPS target-setting will also be applied at the time of vesting.

Total Shareholder Return (TSR) – 30 percent weighting

- The TSR calculations are made for the reference period beginning in the year of the conditional grant of the shares and ending three years later. The evaluation is performed by an independent third party.
- Achievement against this measure is determined by ABB's relative TSR performance over the three-year vesting period against a defined peer group, which currently includes 3M, Atlas Copco, Eaton, Emerson Electric, GE Vernova, Honeywell Intl., Johnson Controls, Legrand, Mitsubishi Electric, Rockwell Automation, Safran, Schneider Electric, Siemens, Yokogawa Electric, and WEG.
- The threshold point for awards, above which vesting starts, corresponds to the 50th percentile (P50) of the TSR peer group, i.e., there is no vesting for performance below P50.
- Vesting for P50 achievement equals to 100 percent of target and vesting for a 75th percentile (P75) achievement level remains at 200 percent of target (maximum). There is a linear vesting for an achievement between P50 and P75 (100 to 200 percent of target).
- The constituents of the peer group and the appropriate threshold, target and maximum award points are reviewed by the CC on an annual basis.

Sustainability – 20 percent weighting

- The Board determines, on an annual basis, the LTIP specific sustainability measure(s), as well as related target(s) and award points, to incentivize material progress towards our Sustainability Agenda commitments.
- Appropriate threshold (zero), target (100 percent) and maximum (200 percent) award points are reviewed and approved by the CC on an annual basis.
- Adjustments to the outcome of the sustainability achievement may be considered for items which are not part of, or the result of the normal course of business operations and/or which were not considered, either by way of inclusion or exclusion, for the target-setting of a specific LTIP launch. Only the net impact of such adjustments over the vesting period of the respective LTIP grant will be considered.

The number of shares to be granted is determined by dividing the relevant grant value in Swiss Francs by the average ABB share price on the SIX Swiss Exchange over the period of 20 trading days prior, and 20 trading days after, the date of publication of ABB's full year financial results. Settlement of the LTIP shares is three years after grant, subject to achievement of performance conditions, defined prior to grant.

The vesting schedule for the LTIP is shown in the following Exhibit 22. The award percentage achievements between threshold and target, as well as between target and maximum, are determined by linear interpolations between these award points.

Exhibit 22: Vesting schedule for the LTIP of EC members

Level of performance	Below threshold	Threshold[(1)]	Target	Maximum
Award achievement per measure	0%	>0%	100%	200%

(1) For the TSR measure, the threshold point equals the target point.

The CC has the discretion to adjust the formulaic LTIP vesting outcome to reflect the overall performance of ABB, over the performance period.

Default settlement of the final LTIP award is 100 percent in shares with an automatic sell-to-cover in place for employees who are subject to withholding taxes.

Our LTIP share grants are subject to malus and clawback provisions, which include illegal activities, any financial misstatement and reputational damage that have a material impact on ABB Ltd or one of its subsidiaries. This means that the Board may decide not to award any unsettled or unvested LTIP grants (malus) or may seek to recover LTIP awards that have been settled in the past (clawback). The clawback provision applies for a period of up to five years following the originally scheduled plan specific vesting date.

The CC also has the ability to suspend the delivery of awards if it is likely that the Board will determine that the malus or clawback provisions may potentially apply (e.g., if the employee is subject to an external investigation).

In the event of a change of control, there is no automatic accelerated vesting of LTIP awards.

Participants are entitled to receive a cash amount (a “dividend equivalent payment”) on each vested award share that is equal to the total dividends per share paid by the Company on the ABB Ltd share between the grant date and the delivery date of the vested award.

Wealth at risk / Share ownership

EC members are normally required to retain all vested shares from their LTIP grants and from any other share-based compensation until they meet their share ownership requirement. In circumstances where there is a withholding tax obligation, the number of shares received will be the number of shares vested minus the shares sold under the default sell-to-cover facility.

The share ownership requirement is equivalent to a multiple of the EC member’s annual base salary, net of taxes (see Exhibit 3 in the section “At a glance”). These share ownership requirements are aligned with market practice and result in a wealth at risk for each EC member which is aligned with shareholder interests.

Only vested shares owned by an EC member and their spouse count for the comparison of the actual share ownership against the share ownership requirement.

The CC reviews the status of EC share ownership on an annual basis. As a result of the 2025 review, the CC decided to further tighten the share ownership requirement for our CEO and other EC members. To strengthen the market alignment further, the calculation basis for the share ownership requirement will, from 2026, be annual gross base salary instead of annual base salary net of taxes. The share ownership requirement percentages (500 percent for CEO and 400 percent for other EC members) will remain the same. With the implementation of the new share ownership requirements ABB increases the wealth at risk exposure to its EC members and management’s focus on long-term value creation for ABB’s shareholders.

Notice period, severance provisions and non-competition clauses

Employment contracts for EC members include a notice period of 12 months, during which they are entitled to their annual base salary, short-term incentive, and benefits. In accordance with Swiss law and ABB’s Articles of Incorporation, the contracts for the EC members do not allow for any severance payment.

Non-compete agreements may be entered into with the CEO and all other EC members for a period of 12 months after their employment. Compensation for such agreements, if any, may not exceed the EC member’s last total annual cash remuneration (comprising of base salary, short-term incentive and benefits).

IMPLEMENTATION OF EC COMPENSATION POLICY

TOTAL COMPENSATION OVERVIEW

The total EC compensation was CHF 33.7 million in 2025, reflecting solid performance-related variable pay awards and the change in composition of the EC, as summarized in Exhibit 23, and presented in detail in Exhibits 41 and 42.

The actual compensation of CHF 33.7 million paid to EC members in 2025 was substantially lower than the amount of CHF 45.9 million approved at the AGM 2024 for the financial year 2025. This was mainly due to the lower compensation and benefits levels of the newly appointed EC members in 2024, lower AIP payouts, 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 lower payments to former EC members.

Exhibit 23: Total compensation of EC members (monetary values in CHF)[1]

	Calendar year	
	2025	**2024**
Base salaries	7,851,520	8,650,473
Pension benefits	2,972,088	3,895,706
Other benefits[2]	5,495,359	6,345,842
Total fixed compensation	**16,318,967**	**18,892,021**
Short-term incentives[3]	9,113,170	10,306,621
Long-term incentives (fair value at grant)	8,302,733	11,742,706
Replacement share grants	n.a.	3,573,566
Total variable compensation	**17,415,903**	**25,622,893**
Total compensation	**33,734,870**	**44,514,914**
Maximum aggregate compensation approved at the AGM 2024 and 2023, respectively	**45,900,000**	**43,900,000**
Maximum aggregate compensation plus 30 percent of such amount in accordance with Art. 35 of ABB Ltd's Articles of Incorporation	**n.a.**	**57,070,000**

(1) Compensation of Brandon Spencer was converted from USD to CHF applying an average foreign exchange rate of 0.8303, and compensation of Giampiero Frisio was converted from EUR to CHF applying an average foreign exchange rate of 0.9369. For an overview of compensation by individual and component, please refer to Exhibits 41 and 42 in the section "Compensation tables and share ownership tables". An overview of 2025 realized compensation by individual is provided in Exhibit 47 in the same section.

(2) Other benefits mainly comprise payments related to social security, dividend equivalent payments, health insurance, transportation, tax advice and certain other items.

(3) Represents accrued short-term variable compensation for the year 2025, which will be paid in 2026, after the publication of ABB's financial results. Short-term variable compensation is linked to the targets and goals defined in each EC member's Annual Incentive Plan.

COMPENSATION MIX

The ratio of fixed to variable compensation in any given year depends on the performance of the Company and individual EC members against predefined performance targets.

In Exhibit 5 in the section "At a glance" we show the composition of the total annual compensation in 2025 for the CEO and for the other current EC members on an aggregate level, specifying the split of its five compensation components. Note that compensation paid in 2025 for former EC members is not included in Exhibit 5. This can be found in Exhibit 41 in the section "Compensation tables and share ownership tables".

COMPENSATION ELEMENTS – 2025 HIGHLIGHTS

Base salary

As a result of the regular compensation review for the EC, the Board and the CC decided to increase the salaries of four of the nine EC members in place in 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 by 10.0 percent to EUR 885,500 and that of Brandon Spencer 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 the EC members post March 2025.

Annual Incentive Plan (AIP)

Under the 2025 AIP, all EC members had one collaborative Group measure, Group Operational EBITA margin, with a 20 percent weighting for the business area presidents and a 30 percent weighting for the CEO and the corporate officers.

In addition to this collaborative Group measure, the CEO and the corporate officers shared other Group measures, including Revenues, Free Cash Flow conversion to Net Income and Return on Capital employed (ROCE), with a total weighting of 60 percent.

All business area presidents had, in addition to the collaborative Group measure, three or four measures which were tailored to business imperatives, with a total weighting of 70 percent, including Operational EBITA margin, Revenues, Net working capital (13 months % avg) and Operational revenue gross profit productivity growth.

In Exhibit 24 we show the composition and weighting of the financial measures applied in 2025 for all EC members under their AIP, specified by their roles. Definitions of the financial measures applied for all EC members are set out in Exhibit 25.

Exhibit 24: Composition and weighting of 2025 AIP measures for EC members

	Performance measure	CEO and corporate officers[1]	President Electrification	President Motion	President Process Automation	President Robotics & Discrete Automation
Collaborative Group financial measure	Op EBITA margin	30%	20%	20%	20%	20%
Other Group financial measures	Revenues	30%				
	Free Cash Flow conversion to Net Income	20%				
	ROCE	10%				
Business area financial measures	Revenues		25%	30%	15%	
	Op EBITA margin		25%	20%	30%	30%
	Net working capital (13 months % avg)		10%	10%	15%	25%
	Operational revenues gross profit productivity growth		10%	10%	10%	15%
Sustainability measures	Safety, GHG emissions, Female leaders, Internal controls	5%	5%	5%	5%	5%
	Governance	5%	5%	5%	5%	5%
Total		100%	100%	100%	100%	100%

(1) Corporate officers include Chief Financial Officer, Chief Human Resources Officer, General Counsel and Company Secretary, and Chief Communications and Sustainability Officer.

Exhibit 25: Definition of financial measures applied under the 2025 AIP for EC members

Measure	Description
Operational EBITA margin (%)[1]	Operational EBITA, which is Operational earnings before interest, tax, and acquisition-related amortization, as a percentage of Operational revenues, which is total revenues adjusted for foreign exchange/commodity timing differences in total revenues.
ROCE (%)[1]	Return on Capital employed (ROCE) is calculated as Operational EBITA after tax, divided by the average of the period's opening and closing Capital employed, adjusted to reflect impacts from the timing of significant acquisitions/divestments occurring during the period.
Revenues	Amount of consolidated revenues recognized during the year in accordance with USGAAP.
Free Cash Flow conversion to Net Income[1]	Free cash flow conversion to net income is calculated as free cash flow divided by net income attributable to ABB adjusted for gains or losses arising on sale of certain businesses and certain other significant items within net income which are also excluded / adjusted for when calculating operating cashflows.
Operational revenue gross profit productivity growth (%)	Operational revenue gross profit productivity is calculated as the 12-month rolling operational revenue gross profit divided by the average number of total workforce in the last three months. Where operational revenue gross profit is calculated as gross profit (as defined under USGAAP) adjusted for the following non-operational items to the extent that they are included within the USGAAP gross profit amount: (i) foreign exchange/commodity timing differences, (ii) acquisition-related amortization, (iii) restructuring, related and implementation costs, (iv) changes in obligations related to divested businesses, (v) changes in pre-acquisition estimates, (vi) acquisition- and divestment-related expenses and integration costs, (vii) other income/expense relating to the Power Grids joint venture and (viii) certain other non-operational items. Growth is the change in productivity over the same period a year earlier, represented as a percentage change.
Net working capital (13 months % avg)	Average Net working capital[1] over 13 consecutive month-ends (December 2024 through December 2025), expressed as a percentage of Operational revenues[1]. Calculated using constant exchange rates.

(1) For additional information, see "Supplemental reconciliations and definitions" in the Q4 2025 Financial Information booklet available on our Investor Relations website.

All EC members also had two sustainability performance measures with a five percent weighting per measure. While all EC members shared the same governance goal designed to help deliver the Deferred Prosecution Agreement in line with our commitments to the US Department of Justice, the second goal varied. The CEO and two other corporate officers had an environmental target related to scope 1 and 2 GHG emissions reduction. All business area presidents had a social target related to reduction of the Total Recordable Incident Frequency Rate (TRIFR), the CHRO had a social target related to an increase in the proportion of women in senior management roles, and the CFO had a governance target related to internal controls.

We detail the 2025 AIP achievements for all EC members in Exhibits 26 and 27.

Exhibit 26: 2025 AIP outcomes for the CEO and the corporate officers (rounded)

Category	Measure (and weighting)	Target and award points and actual achievement levels
		Threshold (0%) Target (100%) Maximum (150%)
Collaborative Group financial measure 30%	Group Op EBITA margin 30%	118%
Other Group financial measures 60%	Revenues 30%	130%
	Free Cash Flow conversion to Net Income 20%	106%
	ROCE 10%	136%
Sustainability measures 10%	Governance, GHG emissions, Female leaders, Internal controls 10%	114%-145%

2025 AIP outcomes for the business area presidents (rounded)

Category	Measure (and weighting)	Target and award points and actual achievement levels
		Threshold (0%) Target (100%) Maximum (150%)
Collaborative Group financial measure 20%	Group Op EBITA margin 20%	118%
Business area financial measures 70%	Revenues 15-30%	79%-150%
	Op EBITA margin 20-30%	0%-127%
	Net working capital (13 months % avg) 10-25%	101%-150%
	Operational revenues gross profit productivity growth 10-15%	0%-150%
Sustainability measures 10%	Governance, Safety 20%	108%-150%

● = Actual achievement (dot) or range of Actual achievements (line between minimum and maximum dot)
● = Median achievement for the applicable range

Exhibit 27: Overview of targeted and realized 2025 AIP values

	Collaborative Group measure			Other Group measures			Business area measures			Sustainability measures			Total AIP outcome percentage (in % of target)[1]	Target AIP award (in CHF)	Actual AIP award (in CHF)[2]
	Achievement	Weighting	Outcome	Achievement	Weighting	Outcome	Achievement	Weighting	Outcome	Achievement	Weighting	Outcome			
Morten Wierod	117.8%	30%	35.3%	122.9%	60%	73.8%	n.a.	n.a.	n.a.	127.5%	10%	12.7%	**121.8%**	1,500,000	**1,827,000**
Timo Ihamuotila	117.8%	30%	35.3%	122.9%	60%	73.8%	n.a.	n.a.	n.a.	145.0%	10%	14.5%	**123.6%**	990,000	**1,223,640**
Carolina Granat	117.8%	30%	35.3%	122.9%	60%	73.8%	n.a.	n.a.	n.a.	113.9%	10%	11.4%	**120.5%**	725,000	**873,625**
Mathias Gärtner	117.8%	30%	35.3%	122.9%	60%	73.8%	n.a.	n.a.	n.a.	127.5%	10%	12.7%	**121.8%**	800,000	**974,400**
Karin Lepasoon	117.8%	30%	35.3%	122.9%	60%	73.8%	n.a.	n.a.	n.a.	127.5%	10%	12.7%	**121.8%**	600,000	**730,800**
Sami Atiya	117.8%	20%	23.6%	n.a.	n.a.	n.a.	37.4%	70%	26.2%	150.0%	10%	15.0%	**64.8%**	825,000	**534,600**
Peter Terwiesch	117.8%	20%	23.6%	n.a.	n.a.	n.a.	125.3%	70%	87.7%	150.0%	10%	15.0%	**126.3%**	885,000	**1,117,755**
Brandon Spencer[3]	117.8%	20%	23.6%	n.a.	n.a.	n.a.	93.7%	70%	65.6%	150.0%	10%	15.0%	**104.2%**	735,231	**766,111**
Giampiero Frisio[3]	117.8%	20%	23.6%	n.a.	n.a.	n.a.	134.3%	70%	94.0%	107.8%	10%	10.8%	**128.4%**	829,625	**1,065,239**
Total														7,889,856	**9,113,170**

(1) The Total AIP outcome percentage figures may differ from the sum of the outcome percentage figures per measure due to rounding with one decimal.
(2) Represents accrued AIP award for the year 2025, which will be paid in 2026, after the publication of ABB's financial results.
(3) Compensation of Brandon Spencer was converted from USD to CHF applying an average foreign exchange rate of 0.8303, and compensation of Giampiero Frisio was converted from EUR to CHF applying an average foreign exchange rate of 0.9369.

CEO retrospective AIP target disclosure

In 2023, we introduced an additional level of transparency on the alignment between the CEO's pay and performance, in response to shareholder feedback. The following Exhibit 28 sets out target and award points for each measure under the CEO's 2025 AIP and the related composition of the final award level.

Exhibit 28: 2025 AIP outcomes for the CEO (rounded)[1]

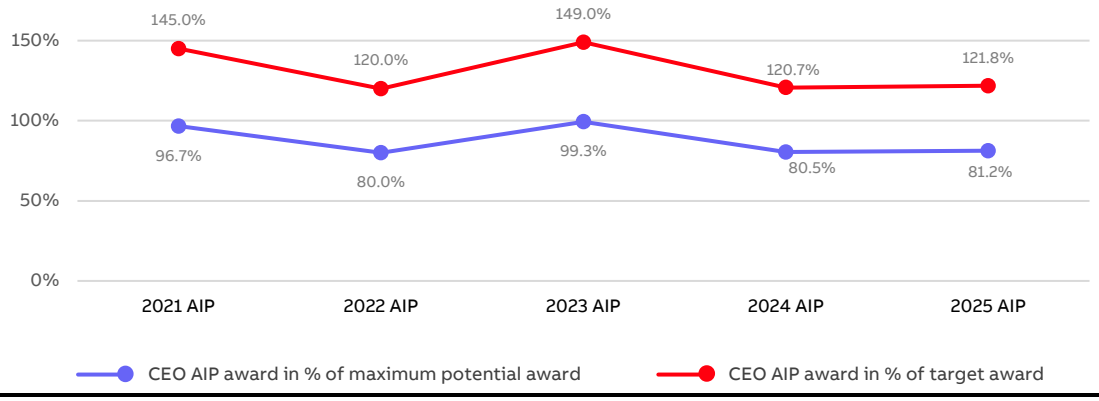
Category	Performance measure	Weight	Target (100% award)	Actual	Award (% of target)	Weighted award
Collaborative Group financial measure	Op EBITA margin (%)	30%	18.6	18.9	117.8%	35.3%
Other Group financial measures	Revenues ($ in millions)	30%	34,687	35,201	129.6%	38.9%
	Free Cash Flow conversion to Net Income (%)	20%	95.0	96.5	106.2%	21.2%
	ROCE margin (%)	10%	23.4	24.3	136.4%	13.6%
Sustainability measures	Scope 1 and 2 GHG emissions (kt)	5%	132.2	131.8	104.9%	5.2%
	Delivery of Deferred Prosecution Agreement	5%	This is a qualitative goal[2]		150.0%	7.5%
					Total	**121.8%**

(1) The computation of targets as well as the measurement of actual performance against those targets are based on foreign exchange rates set prior to the start of the performance period. Therefore, targets and actuals under the AIP do not agree with the equivalent measure calculated based on the actual results as presented in ABB's Consolidated Financial Statements. The sum of weighted award percentages may differ from the total weighted award due to rounding with one decimal.
(2) The goal represents the contribution to the delivery of our commitments under the Deferred Prosecution Agreement (DPA) with the US Department of Justice related to the Kusile project.

CEO AIP outcomes in the last five years

In Exhibit 29, we show the historical AIP award outcomes for our CEO over the last 5 years. Over this time, the payout averaged 131.3 percent of target and 87.5 percent of the maximum award.

Exhibit 29: CEO AIP historical award percentages[1]



(1) These refer to Björn Rosengren for the period from 2021 to 2023, and to Morten Wierod for the years 2024 to 2025.

Long-Term Incentive (LTIP)

2025 LTIP grants

The estimated value at grant of the share-based grants to EC members on December 31, 2025, under the 2025 LTIP was CHF 8.3 million, compared with CHF 11.7 million in 2024 granted to EC members on December 31, 2024, under the 2024 LTIP.

The reference price for the 2025 LTIP grant used to determine the number of shares granted to participants was CHF 50.47.

The 2025 LTIP is based on three performance measures: our EPS, our TSR and a sustainability measure.

We consider targets and award points under the EPS measure as commercially sensitive information and will only disclose these retrospectively after the end of the relevant LTIP performance period.

As in the previous year, we kept the achievement of the EPS threshold point challenging for the 2025 LTIP by applying a range between the EPS target and award points of minus 11.4 percent of target for the threshold and plus 11.4 percent of target for the maximum, to reflect the perceived EPS volatility during the performance period.

The peer companies approved by the Board to determine our relative TSR performance for the 2025 LTIP are as set out in the previous section “Executive Committee compensation policy” on page 22.

The sustainability measure applied to the 2024 LTIP was also carried forward to the 2025 LTIP, namely the scope 1 and 2 GHG emissions reduction at the end of the three-year performance period (2025–2027), compared to the 2024 baseline. The sustainability targets and award points under the 2025 LTIP have been structured to reflect our progress to date, its long-term ambitions, and that as the targets get higher, the overall stretch to achieve them is even more challenging. Details of the long-term GHG emissions reduction targets can be found in our Sustainability Statement 2025.

The target and award points for all performance measures under the 2025 LTIP are illustrated in Exhibit 30.

Exhibit 30: 2025 LTIP target and award points

Measure	Weighting	Threshold	Target	Maximum
Average EPS	50%	Target point -11.4%	Disclosed after performance period[1]	Target point +11.4%
Relative TSR	30%	50th percentile	50th percentile	75th percentile
Reduction of total scope 1 and 2 CO_2 equivalent emissions compared to 2024	20%	6.1%	14.5%	22.9%

Below threshold point: no award;
At target point: 100 percent award;
At or above maximum point: capped at 200 percent award;
Linear interpolations between award points;
(1) The average EPS target is not prospectively disclosed for reasons of commercial sensitivity.

2026 LTIP grants

The CC conducted a review of ABB's long-term incentive arrangements during 2025 to ensure they remain aligned with our business requirements and market best practices. Based on ABB's excellent emissions reduction achievements over the previous four years, the published 2030 target is expected to be reached well ahead of the initial 2030 timeline. In consequence any future improvements related to GHG emissions reduction will be incremental only. The Company did not identify an alternative meaningful sustainability measure for which ambitious targets can be set at this point in time. Our long-term incentive plans from 2023, 2024 and 2025 are unchanged and will continue to consider sustainability targets until end of 2027, with the last vesting occurring in April 2028.

The 2026 LTIP will have two performance measures with the following relative weighting:

- EPS with 60 percent weighting, and
- TSR with 40 percent weighting.

2022 LTIP – achievements

The final number of shares vesting under the 2022 LTIP grant in 2025 was determined based on the achievement level against the predefined EPS, TSR and sustainability targets.

The three-year average EPS amounted to $1.96, which led to a vesting level of 200.0 percent (previous year: 200.0 percent) out of a potential 200 percent, net of adjustments for items considered outside the normal course of business operation and/or which were not considered in the target-setting of the 2022 LTIP. Adjustments were made to the EPS for each of the relevant financial years to reflect significant unplanned developments after the LTIP grant, both positive and negative, mainly including for the impact of divestments, M&A-related integration and restructuring costs.

The relative ranking of ABB's TSR measure against the predefined peer group of companies for the 2022 LTIP sat in the 62nd percentile, which led to a vesting level of 149.4 percent (previous year: 200.0 percent) out of a potential of 200 percent.

The reduction of GHG emissions by the end of 2024 in comparison to the 2019 baseline was 78.2 percent, which led to a vesting level of 182.0 percent (previous year: n.a.) out of a potential of 200 percent.

As a result, the average weighted achievement level of the three performance measures under the 2022 LTIP was 181.2 percent (out of a maximum 200 percent), as specified in Exhibit 31

In line with our commitment to retrospectively disclose the EPS performance targets for vested LTIP awards, the three relevant award points (threshold, target and maximum) as well as the actual achievement for the adjusted average EPS performance measure are also displayed in Exhibit 31 below.

Exhibit 31: Target point, award points (rounded) and achievement levels of 2022 LTIP performance measures

Measure	Weighting	Threshold	Target	Maximum	Actual
Average EPS ($)	50%	1.44	1.61	1.78	1.96
Achievement level		0%	100%	200%	200.0%
Relative TSR	30%	50th percentile	50th percentile	75th percentile	62nd percentile
Achievement level		0%	100%	200%	149.4%
Sustainability	20%	60.0%	70.0%	80.0%	78.2%
Achievement level		0%	100%	200%	182.0%
Award as percentage of target (maximum at 200%)					**181.2%**

In the following Exhibit 32 we compare the previously disclosed "fair value" of each EC member's 2022 LTIP grant and the actual value of their respective award at the time of vesting in 2025. This indicates the average realized 2022 LTIP value was 277.9 percent of the grant fair value. The values presented are gross and before payment of any applicable taxes owed by the recipient.

Exhibit 32: Realized value of 2022 LTIP grant for current EC members

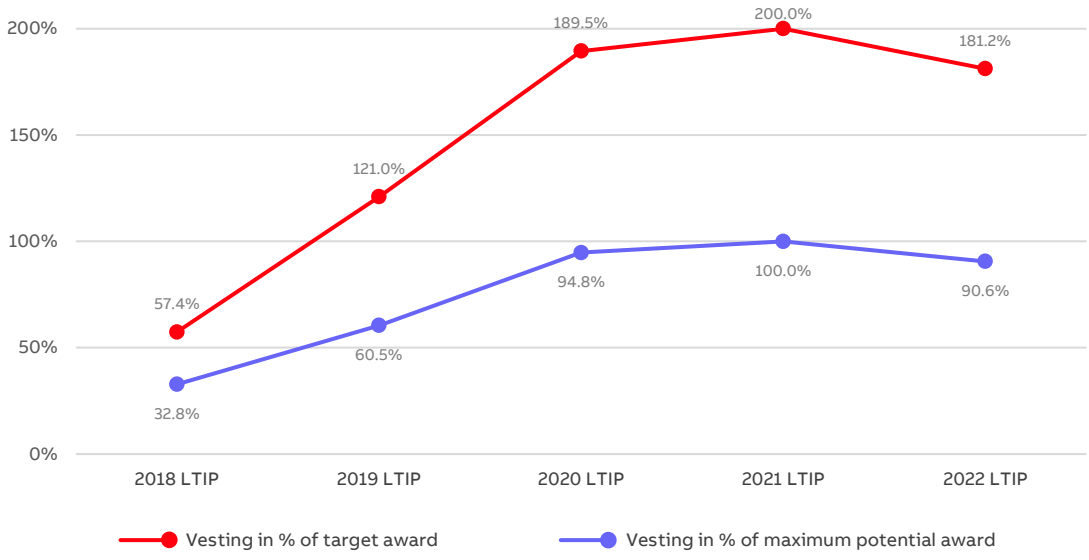
	Grant date	Shares granted related to the EPS measure[1]	Number of shares granted related to the TSR measure[2]	Number of shares granted related to the sustainability measure[3]	Total number of shares granted	Disclosed grant fair value (CHF)[4]	Vesting date	Vesting percentage	Number of vested shares	Realized value (CHF)[5]
Morten Wierod[6]	April 25, 2022	14,368	8,620	5,748	28,736	**810,519**	April 25, 2025	181.2%	52,070	**2,252,028**
Timo Ihamuotila	April 25, 2022	15,804	9,482	6,323	31,609	**891,570**	April 25, 2025	181.2%	57,276	**2,477,187**
Carolina Granat	April 25, 2022	11,574	6,944	4,630	23,148	**652,920**	April 25, 2025	181.2%	41,945	**1,814,122**
Mathias Gärtner	n.a.						n.a.			
Karin Lepasoon	April 25, 2022	9,578	5,747	3,832	19,157	**540,336**	April 25, 2025	181.2%	34,713	**1,501,338**
Sami Atiya	April 25, 2022	12,771	7,662	5,110	25,543	**720,548**	April 25, 2025	181.2%	46,284	**2,001,783**
Peter Terwiesch	April 25, 2022	13,250	7,950	5,301	26,501	**747,485**	April 25, 2025	181.2%	48,020	**2,076,865**
Brandon Spencer[7][8]	April 25, 2022	4,770	2,862	1,909	9,541	**269,113**	April 25, 2025	181.2%	17,289	**747,750**
Giampiero Frisio[8]	April 25, 2022	7,202	4,321	2,881	14,404	**406,279**	April 25, 2025	181.2%	26,101	**1,128,668**
Total						**5,038,770**				**13,999,741**

(1) Actual achievement level of the EPS measure was 200.0 percent.
(2) Actual achievement level of the TSR measure was 149.4 percent.
(3) Actual achievement level of the sustainability measure was 182.0 percent.
(4) Valued at CHF 28.21, the grant fair value of the ABB share on the grant date.
(5) Valued at CHF 43.25, the closing price of the ABB share on the day of vesting.
(6) Morten Wierod's 2022 LTIP grant related to his role as business area president Motion.
(7) Valued at CHF 43.2423, the monthly average price of the ABB share on the day of vesting.
(8) At the time of 2022 LTIP grant, Brandon Spencer and Giampiero Frisio were not members of the EC.

LTIP vesting outcomes in the last five years

The historical LTIP vesting outcomes for the prior five years are shown in Exhibit 33 below. Over the last five years, the average LTIP vesting was 149.8 percent of the target award and 75.7 percent of the maximum award.

Exhibit 33: LTIP historical actual vesting percentages[1]

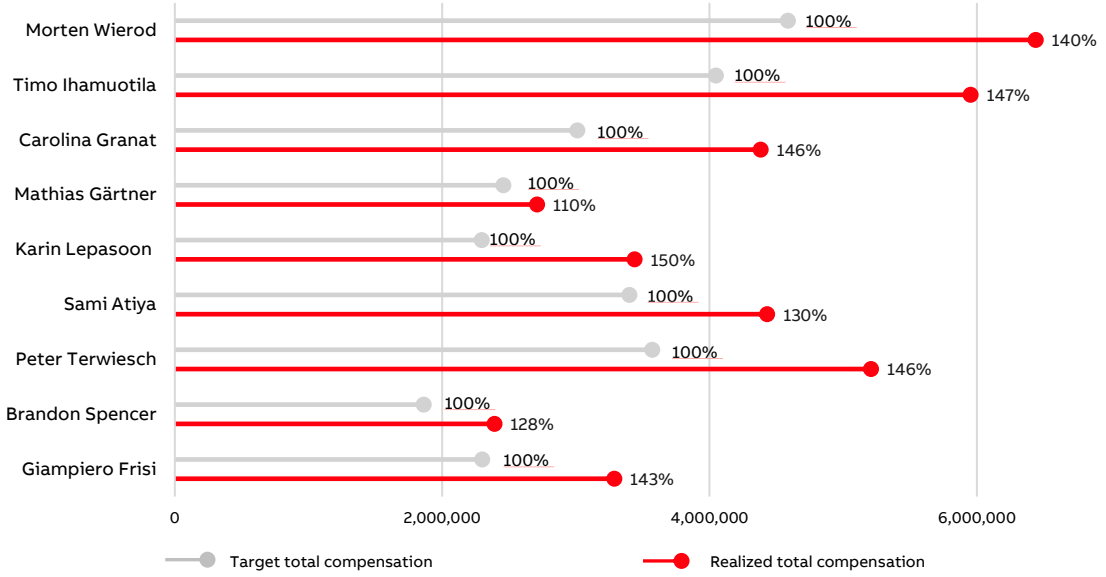


(1) According to plan-specific relative weighting of relevant performance measures.

REALIZED TOTAL COMPENSATION – 2025

We disclose the realized total compensation for each EC member. Such transparency on realized compensation is designed to foster stakeholders' understanding of ABB's link between pay and performance. Realized compensation relates to the AIP award and the LTIP award at the end of their respective performance cycles, reflecting the actual payment and settlement, based on achievements of the plan specific performance measures. Exhibit 34 sets out a high-level comparison of realized and target total compensation for each EC member. We provide further details in Exhibit 47 in the section "Compensation tables and share ownership tables" of this Report.

Exhibit 34: Realized 2025 total compensation (in CHF) compared to target total compensation



OTHER COMPENSATION – 2025

Members of the EC are eligible to participate in the Employee Share Acquisition Plan (ESAP), a savings plan based on stock options, which is open to our employees around the world. Three members of the EC participated in the ESAP in 2025. EC members who participated will, upon vesting, each be entitled to acquire up to 170 ABB shares at CHF 59.40 per share, the market share price at the start of the 2025 plan.

For a more detailed description of the ESAP, please refer to "Note 19 – Share-based payment arrangements" in our Financial Report 2025.

In 2025, ABB did not pay any fees or compensation to the members of the EC for services rendered to ABB other than those disclosed in this Report. Except as disclosed in the section "Executive Committee – Business relationships between ABB and its EC members" in our Corporate Governance Report 2025, the Company did not pay any additional fees or compensation in 2025 to persons closely linked to a member of the EC for services rendered to ABB.

SHARE OWNERSHIP OF EC MEMBERS

Five out of nine EC members exceeded their share ownership requirements. The other four members have been appointed to the EC recently. The individual shareholding in comparison to the relevant share ownership requirement is shown in Exhibit 9 in the section "At a glance".

The EC members collectively owned less than one percent of ABB's total shares outstanding on December 31, 2025.

On December 31, 2025, EC members held ABB shares and conditional rights to receive shares, as shown in Exhibit 45 in the section "Compensation tables and share ownership tables". Their holdings on December 31, 2024, are shown in Exhibit 46 in the same section.

Except as described in Exhibits 45 and 46, no member of the EC and no person closely linked to a member of the EC held any shares of ABB or options on ABB shares on December 31, 2025, and 2024.

EXTERNAL MANDATES HELD BY EC MEMBERS

Three out of nine EC members held at least one external mandate in other companies, as detailed in the following Exhibit 35.

Exhibit 35: EC members with external mandates on December 31, 2025 (audited)

Name	Company	Listed company	2025 new mandate vs 2024	Mandate
Timo Ihamuotila	Nokia Oyi, Espoo, Finland	•	•	Vice Chairman of the Board of Directors
			•	Member of the Corporate Governance and Nomination Committee
			•	Member of the Strategy Committee
	Kone Oyi, Helsinki, Finland	•		Member of the Board of Directors Member of the Audit Committee
	Oras Invest Oy, Helsinki, Finland			Member of the Board of Directors
Sami Atiya	SGS SA, Geneva, Switzerland	•		Member of the Board of Directors Chairman of the Remuneration Committee Member of the Nomination Committee
Peter Terwiesch	Hilti AG, Schaan, Liechtenstein			Member of the Board of Directors

CHANGES APPLICABLE TO EC MEMBERS

TERMS OF APPOINTMENT FOR EC MEMBERS

The new Chief Financial Officer, Christian Nilsson, was appointed as per February 1, 2026, with an annual base salary of CHF 775,000, a target short-term incentive of 100 percent of annual base salary and a target long-term incentive of 150 percent of annual base salary. Christian Nilsson is eligible for standard EC benefits.

TERMS OF DEPARTURE FOR EC MEMBERS

The Chief Financial Officer, Timo Ihamuotila, stepped down from the EC as per January 31, 2026, and will retire on October 15, 2026. He will receive compensation and benefits up to the point of his departure, including eligibility to a pro-rated short-term incentive payment for 2026. His unvested shares granted under our LTIP will be treated according to contractual terms.

The business area president Robotics & Discrete Automation, Sami Atiya, stepped down from the EC as per December 31, 2025, and will depart from ABB on December 31, 2026. He is entitled to receive compensation and benefits up to the point of his departure. This includes a short-term incentive payment for 2026. His unvested shares granted under our LTIP will be treated according to contractual terms.

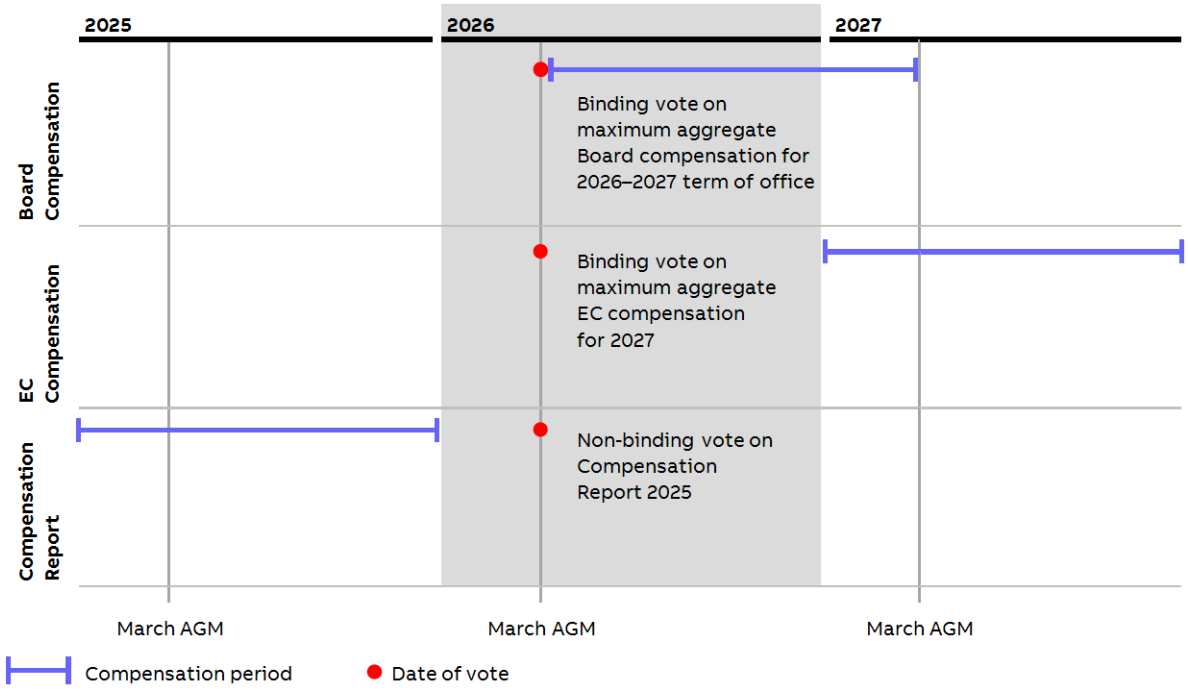
COMPENSATION OF FORMER EC MEMBERS

In 2025, we did not make any payment to former EC members other than those disclosed in this Report.

VOTES ON COMPENSATION AT THE AGM 2026

As illustrated in Exhibit 36, the Board's proposals to shareholders at the AGM 2026 will relate to Board compensation for the 2026–2027 term of office and EC compensation for the calendar year 2027. There will also be a non-binding consultative vote on the Compensation Report 2025, i.e., on this Report.

Exhibit 36: Shareholders will have three separate votes on compensation at the AGM 2026



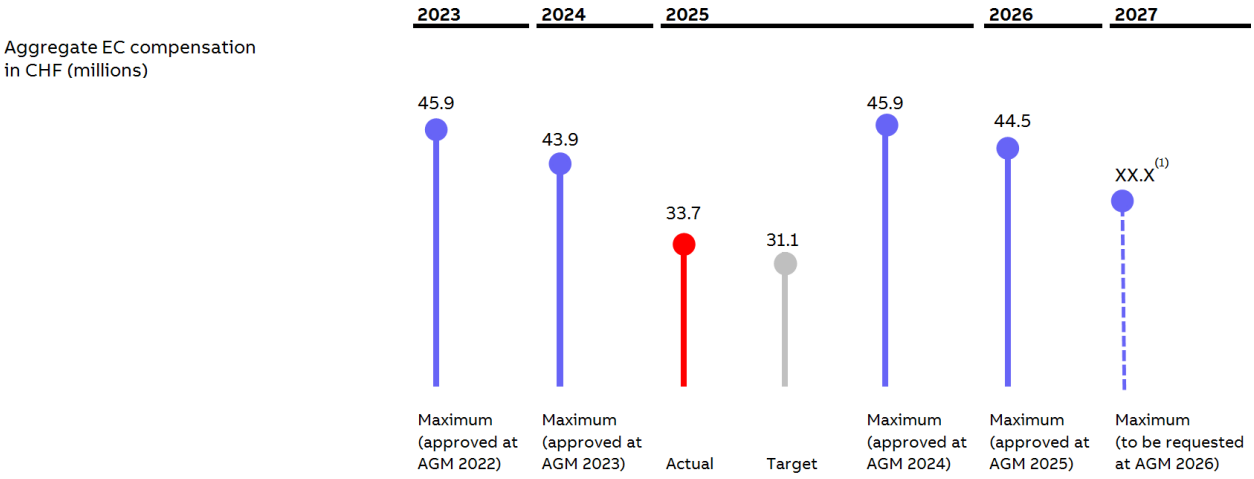
The voting results at ABB's AGM in 2025 were as follows:

- Maximum aggregate Board compensation for the 2025–2026 term of office – 97.37 percent approved
- Maximum aggregate EC compensation for 2026 – 93.97 percent approved
- Consultative vote on the Compensation Report 2024 – 92.82 percent voted for

In determining the proposed maximum aggregate EC compensation for 2027, the Board intends to take into consideration the criteria set forth in Exhibit 37. Given the variable nature of a major portion of the compensation components, the proposed maximum aggregate EC compensation will accordingly be higher than the actual compensation paid or awarded, as it must cover the potential maximum value of each component of compensation.

The decrease in maximum aggregate EC compensation for 2027 compared to 2026 is mainly influenced by the lower number of EC members, the application of the adjusted, more performance-oriented compensation mix for EC entrants and the anticipated costs related to the vesting of 2024 LTIP awards.

Exhibit 37: Overview of key factors affecting the determination of maximum aggregate EC compensation



Assumptions							
AIP award percentage	150%	150%	115%(2)	100%	150%	150%	150%
Adjustment of LTIP grant size	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Number of LTIP shares potentially vesting in year(3)	354,869	301,476	n.a.	n.a.	270,833	195,716	253,016
Number of EC members	9	9	9	9	9	9	8

(1) Figure will be provided in the AGM 2026 invitation.

(2) Average outcome without the allocation of former EC members. For a full description, see previous section "Compensation elements – 2025 highlights".

(3) For example, 253,016 LTIP shares were granted to the EC in 2024, that potentially vest in 2027 subject to performance conditions. While 253,016 shares represent the LTIP target vesting award, the actual number of awarded shares can be zero to 200 percent of target.

COMPENSATION TABLES AND SHARE OWNERSHIP TABLES

Exhibit 38: Board compensation in 2025 and 2024 (audited)

	Paid in 2025					Paid in 2024				
	November Board term 2025–2026		May Board term 2024–2025			November Board term 2024–2025		May Board term 2023–2024		
Name	Settled in cash[1]	Settled in shares – number of shares received[2]	Settled in cash[1]	Settled in shares – number of shares received[2]	Total compensation paid in 2025[3]	Settled in cash[1]	Settled in shares – number of shares received[2]	Settled in cash[1]	Settled in shares – number of shares received[2]	Total compensation paid in 2024[3]
	CHF		CHF		CHF	CHF		CHF		CHF
Peter Voser, Chair[4]	—	10,265	—	11,743	**1,200,000**	—	12,022	—	13,754	**1,200,000**
Jacob Wallenberg[5]	—	—	—	—	**—**	—	—	112,500	1,859	**225,000**
Gunnar Brock[6]	—	—	—	—	**—**	—	—	165,000	—	**165,000**
David Constable[7]	80,000	1,095	80,000	1,253	**320,000**	80,000	1,283	80,000	1,468	**320,000**
Frederico Curado[8]	—	2,186	—	2,610	**350,000**	—	2,666	—	3,058	**350,000**
Lars Förberg[9]	—	—	—	2,999	**160,000**	—	3,183	—	3,649	**320,000**
Johan Forssell[10]	80,000	1,095	80,000	1,253	**320,000**	80,000	1,283	—	—	**160,000**
Denise Johnson[11]	—	2,307	—	2,640	**330,000**	—	2,702	—	3,092	**330,000**
Jennifer Xin-Zhe Li[12]	—	1,992	—	2,610	**335,000**	—	2,666	87,500	1,490	**350,000**
Geraldine Matchett[13]	80,000	1,317	82,500	1,599	**325,000**	82,500	1,634	82,500	1,873	**330,000**
David Meline[14]	100,000	1,369	100,000	1,567	**400,000**	100,000	1,604	100,000	1,835	**400,000**
Claudia Nemat[15]	82,500	1,084	—	—	**165,000**	—	—	—	—	**—**
Mats Rahmström[16]	82,500	1,130	82,500	1,293	**330,000**	82,500	1,323	—	—	**165,000**
Total	**505,000**	**23,840**	**425,000**	**29,567**	**4,235,000**	**425,000**	**30,366**	**627,500**	**32,078**	**4,315,000**

(1) Represents gross amount paid, prior to deductions for social security, pension payments, withholding tax, etc.
(2) Number of shares per Board member is calculated based on net amount due after deductions for social security, pension payments, withholding tax, etc.
(3) In addition to the Board remuneration stated in the above table, in 2025 and 2024 the Company paid CHF 296,659 and CHF 282,230, respectively, in related mandatory social security payments. Additionally, in 2025 the Company paid CHF 20,058 in related mandatory pension payments.
(4) Chair of the ABB Ltd Board and of the Governance and Nomination Committee for the 2023–2024, 2024–2025 and 2025–2026 Board terms; is receiving 100 percent of his compensation in the form of ABB shares.
(5) Vice-Chair of the ABB Ltd Board and member of the Governance and Nomination Committee for the 2023–2024 Board term; received 50 percent of his compensation in the form of ABB shares. Did not stand for re-election in 2024.
(6) Member of the Finance, Audit and Compliance Committee for the 2023–2024 Board term; received 50 percent of his compensation in the form of ABB shares, except for his final compensation payment which was delivered after he had stepped down from the Board and which he received 100 percent in cash. Did not stand for re-election in 2024.
(7) Member of the Compensation Committee for the 2023–2024, 2024–2025 and 2025–2026 Board terms; is receiving 50 percent of his compensation in the form of ABB shares.
(8) Chair of the Compensation Committee for the 2023–2024, 2024–2025 and 2025–2026 Board terms; is receiving 100 percent of his compensation in the form of ABB shares.
(9) Member of the Governance and Nomination Committee for the 2023–2024 and 2024–2025 Board terms; received 100 percent of his compensation in the form of ABB shares. Did not stand for re-election in 2025.
(10) Member of the Governance and Nomination Committee for the 2024–2025 and 2025–2026 Board terms; is receiving 50 percent of his compensation in the form of ABB shares.
(11) Member of the Finance, Audit and Compliance Committee for the 2023–2024, 2024–2025 and 2025–2026 Board terms; is receiving 100 percent of her compensation in the form of ABB shares.
(12) Member of the Compensation Committee for the 2023–2024, 2024–2025 and 2025–2026 Board term and member of the Governance and Nomination Committees for the 2023–2024 and 2024–2025 Board terms; received 50 percent of her compensation in the form of ABB shares for the 2023–2024 and 2024–2025 Board terms and is receiving 100 percent of her compensation in the form of ABB shares for the 2025–2026 Board term.
(13) Member of the Finance, Audit and Compliance Committee for the 2023–2024, 2024–2025 and 2025–2026 Board terms; is receiving 50 percent of her compensation in the form of ABB shares.
(14) Chair of the Finance, Audit and Compliance Committee for the 2023–2024, 2024–2025 and 2025–2026 Board terms; is receiving 50 percent of his compensation in the form of ABB shares.
(15) Member of the Finance, Audit and Compliance Committee for the 2025–2026 Board term; is receiving 50 percent of her compensation in the form of ABB shares.
(16) Member of the Finance, Audit and Compliance Committee for the 2024–2025 and 2025–2026 Board terms; is receiving 50 percent of his compensation in the form of ABB shares.

Exhibit 39: Board compensation for the Board terms 2025–2026 and 2024–2025 (audited)

Name	Specific Board roles	Board term 2025–2026 CHF	Board term 2024–2025 CHF
Peter Voser	Chair of the Board and Chair of the GNC for 2025–2026 and 2024–2025 terms	1,200,000	1,200,000
David Constable	Member of the CC for 2025–2026 and 2024–2025 terms	320,000	320,000
Frederico Curado	Chair of the CC for 2025–2026 and 2024–2025 terms	350,000	350,000
Lars Förberg	Member of the GNC for 2024–2025 term	—	320,000
Johan Forssell	Member of the GNC for 2025–2026 and 2024–2025 terms	320,000	320,000
Denise Johnson	Member of the FACC for 2025–2026 and 2024–2025 terms	330,000	330,000
Jennifer Xin-Zhe Li	Member of the CC for 2025–2026 term and Member of the CC and Member of the GNC for 2024–2025 term	320,000	350,000
Geraldine Matchett	Member GNC for 2025–2026 term and Member FACC for 2024–2025 term	320,000	330,000
David Meline	Chair of the FACC for 2025–2026 and 2024–2025 terms	400,000	400,000
Claudia Nemat	Member of the FACC for 2025–2026 term	330,000	—
Mats Rahmström	Member of the FACC for 2025–2026 and 2024–2025 terms	330,000	330,000
Total		**4,220,000**	**4,250,000**

Key:

CC: Compensation Committee

FACC: Finance, Audit and Compliance Committee

GNC: Governance and Nomination Committee

Exhibit 40: Board ownership of ABB shares (audited)

Name	Total number of shares held December 31, 2025	December 31, 2024
Peter Voser	228,660	206,652
David Constable	51,418	49,070
Frederico Curado	67,701	62,905
Lars Förberg	N.a.	86,927
Johan Forssell	3,631	1,283
Denise Johnson	14,670	9,723
Jennifer Xin-Zhe Li	54,570	49,968
Geraldine Matchett	42,446	39,530
David Meline[1]	44,937	51,387
Claudia Nemat	1,084	N.a.
Mats Rahmström[2]	7,281	4,858
Total	**516,398**	**562,303**

(1) Includes 3,150 shares held by spouse.

(2) Includes 735 shares held by family members.

Exhibit 41: EC compensation in 2025 (audited)

Name	Cash Compensation					Estimated value of share-based grants under the 2025 LTIP[4]	Total compensation (incl. conditional share-based grants)[5]
	Base salary	Short-term incentive[1]	Pension benefits	Other benefits[2]	Total cash-based compensation[3]		
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Morten Wierod	1,500,007	1,827,000	288,696	572,438	**4,188,141**	1,881,319	**6,069,460**
Timo Ihamuotila	990,004	1,223,640	545,180	716,984	**3,475,808**	827,796	**4,303,604**
Carolina Granat	725,012	873,625	446,719	522,951	**2,568,307**	606,204	**3,174,511**
Mathias Gärtner	800,009	974,400	181,531	381,304	**2,337,244**	1,003,391	**3,340,635**
Karin Lepasoon	600,000	730,800	259,774	347,315	**1,937,889**	501,717	**2,439,606**
Sami Atiya	820,841	534,600	508,162	565,255	**2,428,858**	689,844	**3,118,702**
Peter Terwiesch	880,837	1,117,755	517,127	615,502	**3,131,221**	740,020	**3,871,241**
Brandon Spencer[6]	716,788	766,111	66,207	94,727	**1,643,833**	1,006,598	**2,650,431**
Giampiero Frisio[6]	818,022	1,065,239	158,692	117,321	**2,159,274**	1,045,844	**3,205,118**
Total EC members on December 31, 2025	**7,851,520**	**9,113,170**	**2,972,088**	**3,933,797**	**23,870,575**	**8,302,733**	**32,173,308**

(1) Represents accrued short-term variable compensation for the year 2025, which will be paid in 2026, after the publication of ABB's financial results. Short-term variable compensation is linked to the targets and goals defined in each EC member's Annual Incentive Plan. Upon full achievement of these targets and goals, the short-term variable compensation of the EC members represents 100 percent of their respective base salary.

(2) Other benefits mainly comprise payments related to social security, dividend equivalent payments, health insurance, transportation, tax advice and certain other items.

(3) Prepared on an accrual basis.

(4) The estimated value of the share-based LTIP grants is based on the price of ABB shares on the grant date. On the day of vesting (April 21, 2028), the value of the share-based awards granted under the LTIP may vary from the above amounts due to changes in ABB's share price and the outcome of the performance factors.

(5) In addition, an amount of CHF 1,561,562 was paid in 2025 to former EC members, representing mainly social security premium and dividend equivalent payments due on the 2022 LTIP vesting, and tax advisory services for income related to their former EC role.

(6) Compensation of Brandon Spencer was converted from USD to CHF applying 0.8303, representing the average foreign exchange rate over 2025. Compensation of Giampiero Frisio was converted from EUR to CHF applying 0.9369, representing the average foreign exchange rate over 2025.

Exhibit 42: EC compensation in 2024 (audited)

Name	Cash Compensation					Estimated value of share-based grants under the 2024 LTIP[4]	Estimated value of replacement share-based grant in 2024[5]	Total compensation (incl. conditional share-based grants)
	Base salary	Short-term incentive[1]	Pension benefits	Other benefits[2]	Total cash-based compensation[3]			
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Morten Wierod (CEO as of August 1, 2024)	1,193,754	1,518,775	404,221	673,195	**3,789,945**	2,829,060	—	**6,619,005**
Timo Ihamuotila	990,004	1,234,530	531,616	831,765	**3,587,915**	1,154,192	—	**4,742,107**
Carolina Granat	725,012	892,475	434,077	589,626	**2,641,190**	845,235	—	**3,486,425**
Mathias Gärtner (EC member as of November 1, 2024)	133,335	164,134	28,714	27,952	**354,135**	1,586,900	3,573,566	**5,514,601**
Karin Lepasoon	600,000	738,600	255,540	140,638	**1,734,778**	699,506	—	**2,434,284**
Sami Atiya	800,009	459,200	491,512	647,603	**2,398,324**	932,690	—	**3,331,014**
Peter Terwiesch	860,004	1,159,280	498,421	685,234	**3,202,939**	1,002,644	—	**4,205,583**
Brandon Spencer (EC member as of August 1, 2024)[6][7]	278,387	367,750	—	40,780	**686,917**	1,261,951	—	**1,948,868**
Giampiero Frisio (EC member as of August 1, 2024)[7]	314,956	423,302	32,343	48,570	**819,171**	1,430,528	—	**2,249,699**
Total EC members on December 31, 2024	**5,895,461**	**6,958,046**	**2,676,444**	**3,685,363**	**19,215,314**	**11,742,706**	**3,573,566**	**34,531,586**
Björn Rosengren (EC member until July 31, 2024)[8]	1,785,006	2,154,495	753,339	1,759,261	**6,452,101**	—	—	**6,452,101**
Andrea Antonelli (EC member until May 31, 2023)[8]	350,000	283,300	121,566	155,889	**910,755**	—	—	**910,755**
Tarak Mehta (EC member until July 31, 2024)[8]	620,006	910,780	344,357	745,329	**2,620,472**	—	—	**2,620,472**
Total departing EC members	**2,755,012**	**3,348,575**	**1,219,262**	**2,660,479**	**9,983,328**	**—**	**—**	**9,983,328**
Total	**8,650,473**	**10,306,621**	**3,895,706**	**6,345,842**	**29,198,642**	**11,742,706**	**3,573,566**	**44,514,914**

(1) Represents accrued short-term variable compensation for the year 2024, which was paid in 2025, after the publication of ABB's 2024 financial results. Short-term variable compensation is linked to the targets and goals defined in each EC member's Annual Incentive Plan. Upon full achievement of these targets and goals, the short-term variable compensation of the EC member represents 100 percent of their respective base salary. Andrea Antonelli and Tarak Mehta received a short-term variable compensation payment in 2024 at the time of their departure related to their termination period, in accordance with the contractual obligations of ABB.

(2) Other benefits mainly comprise payments related to social security, health insurance, children's education, transportation, tax advice, compensation for foregone dividends on replacement share grants and certain other items.

(3) Prepared on an accrual basis.

(4) The estimated value of the share-based LTIP grants is based on the price of ABB shares on the grant date. On the day of vesting (April 22, 2027), the value of the share-based awards granted under the LTIP may vary from the above amounts due to changes in ABB's share price and the outcome of the performance factors.

(5) The estimated value of the share-based replacement grant is based on the closing price of ABB shares on the grant date. On the vesting dates (November 1, 2025, 2026 and 2027), the value of the share-based awards granted under the replacement share grant may vary from the above amounts due to changes in ABB's share price and the outcome of the performance factors.

(6) For Brandon Spencer the maximum pension contributions for the year 2024 were already reached prior to his promotion to the EC. Therefore, no additional pension contributions were provided in 2024.

(7) Compensation of Brandon Spencer was converted from USD to CHF applying an average foreign exchange rate of 0.8677, and compensation of Giampiero Frisio was converted from EUR to CHF applying an average foreign exchange rate of 0.9390.

(8) EC members who stepped down from the EC during 2024 continued to receive compensation and benefits up to the point of their departure, according to contractual terms, which are included in their total compensation.

Exhibit 43: LTIP grants in 2025 (audited)

Name	Reference number of shares under the EPS performance factor of the LTIP grant[1]	Total estimated value of share-based grants under the EPS performance factor of the LTIP grant[2][3]	Reference number of shares under the TSR performance factor of the LTIP grant[1]	Total estimated value of share-based grants under the TSR performance factor of the LTIP grant[2][3]	Reference number of shares under the sustainability performance factor of the LTIP grant[1]	Total estimated value of share-based grants under the sustainability performance factor of the LTIP grant[2][3]	Total number of reference shares granted under the LTIP grant[1][2]	Total estimated value of share-based LTIP grants[2][3]
		CHF		CHF		CHF		CHF
Morten Wierod[4]	22,290	940,638	13,374	564,383	8,917	376,298	**44,581**	**1,881,319**
Timo Ihamuotila	9,808	413,898	5,884	248,305	3,924	165,593	**19,616**	**827,796**
Carolina Granat	7,182	303,081	4,309	181,840	2,874	121,283	**14,365**	**606,204**
Mathias Gärtner	11,888	501,674	7,133	301,013	4,756	200,704	**23,777**	**1,003,391**
Karin Lepasoon[4]	5,944	250,837	3,566	150,486	2,379	100,394	**11,889**	**501,717**
Sami Atiya	8,173	344,901	4,904	206,949	3,270	137,994	**16,347**	**689,844**
Peter Terwiesch[4]	8,768	370,010	5,260	221,972	3,508	148,038	**17,536**	**740,020**
Brandon Spencer	11,926	503,278	7,155	301,941	4,772	201,379	**23,853**	**1,006,598**
Giampiero Frisio	12,391	522,901	7,434	313,715	4,958	209,228	**24,783**	**1,045,844**
Total EC members on December 31, 2025	**98,370**	**4,151,218**	**59,019**	**2,490,604**	**39,358**	**1,660,911**	**196,747**	**8,302,733**

(1) Vesting date April 21, 2028.

(2) The reference number of shares of the EPS, TSR and sustainability performance factors are valued using the fair value of the ABB shares on the grant date.

(3) Default settlement of the final LTIP award is 100 percent in shares, with an automatic sell-to-cover in place for employees who are subject to withholding taxes. The plan foresees a maximum award of 200 percent of the number of reference shares granted based on the achievement against the predefined average EPS, relative TSR and sustainability performance targets. Participants are also entitled to receive a dividend equivalent payment at the time of vesting for each awarded share.

(4) In addition to the above awards, three members of the EC participated in the 22nd launch of the ESAP in 2025, which will allow them to save over a 12-month period and, in November 2026, use their savings to acquire ABB shares under the ESAP. Each EC member who participated in ESAP will, upon vesting, be entitled to acquire up to 170 ABB shares at an exercise price of CHF 59.40 per share.

Exhibit 44: LTIP grants in 2024 (audited)

Name	Reference number of shares under the EPS performance factor of the LTIP grant[1]	Total estimated value of share-based grants under the EPS performance factor of the LTIP grant[2][3]	Reference number of shares under the TSR performance factor of the LTIP grant[1]	Total estimated value of share-based grants under the TSR performance factor of the LTIP grant[2][3]	Reference number of shares under the sustainability performance factor of the LTIP grant[1]	Total estimated value of share-based grants under the sustainability performance factor of the LTIP grant[2][3]	Total number of reference shares granted under the LTIP grant[1][2]	Total estimated value of share-based grants under the LTIP grant[2][3]
		CHF		CHF		CHF		CHF
Morten Wierod (CEO as of August 1, 2024)[4]	29,754	1,414,506	17,852	848,685	11,903	565,869	**59,509**	**2,829,060**
Timo Ihamuotila	13,092	577,096	7,855	346,249	5,237	230,847	**26,184**	**1,154,192**
Carolina Granat	9,587	422,595	5,752	253,549	3,836	169,091	**19,175**	**845,235**
Mathias Gärtner (EC member as of November 1, 2024)	15,869	793,450	9,521	476,050	6,348	317,400	**31,738**	**1,586,900**
Karin Lepasoon[4]	7,934	349,731	4,760	209,821	3,175	139,954	**15,869**	**699,506**
Sami Atiya	10,579	466,323	6,347	279,776	4,233	186,591	**21,159**	**932,690**
Peter Terwiesch[4]	11,373	501,322	6,823	300,758	4,550	200,564	**22,746**	**1,002,644**
Brandon Spencer (EC member as of August 1, 2024)	13,272	630,951	7,963	378,562	5,310	252,438	**26,545**	**1,261,951**
Giampiero Frisio (EC member as of August 1, 2024)	15,045	715,240	9,027	429,144	6,019	286,144	**30,091**	**1,430,528**
Total EC members on December 31, 2024	**126,505**	**5,871,214**	**75,900**	**3,522,594**	**50,611**	**2,348,898**	**253,016**	**11,742,706**

(1) Vesting date April 22, 2027.

(2) The reference number of shares of the EPS, TSR and sustainability performance factors are valued using the fair value of the ABB shares on the grant date.

(3) Default settlement of the final LTIP award is 100 percent in shares, with an automatic sell-to-cover in place for employees who are subject to withholding taxes. The plan foresees a maximum award of 200 percent of the number of reference shares granted based on the achievement against the predefined average EPS, relative TSR and sustainability performance targets. Participants are also entitled to receive a dividend equivalent payment at the time of vesting for each awarded share.

(4) In addition to the above awards, three members of the EC participated in the 21st launch of the ESAP in 2024, which allowed them to save over a 12-month period and, in November 2025, use their savings to acquire ABB shares under the ESAP. Each EC member who participated in ESAP was, upon vesting, entitled to acquire up to 210 ABB shares at an exercise price of CHF 48.41 per share.

Exhibit 45: EC shareholding overview on December 31, 2025 (audited)

		Unvested on December 31, 2025			
Name	**Total number of shares held on December 31, 2025**	**Reference number of shares under the 2023 performance factors (EPS, TSR and sustainability) of the LTIP[1]**	**Reference number of shares under the 2024 performance factors (EPS, TSR and sustainability) of the LTIP[1]**	**Reference number of shares under the 2025 performance factors (EPS, TSR and sustainability) of the LTIP[1]**	**Replacement share grant for foregone benefits from former employer[2]**
		(vesting 2026)	**(vesting 2027)**	**(vesting 2028)**	**(vesting 2028)**
Morten Wierod	223,279	31,210	59,509	44,581	—
Timo Ihamuotila	160,000	31,691	26,184	19,616	—
Carolina Granat[3]	62,457	23,208	19,175	14,365	—
Mathias Gärtner	3,708	—	31,738	23,777	67,509
Karin Lepasoon	21,126	19,207	15,869	11,889	—
Sami Atiya	70,000	25,609	21,159	16,347	—
Peter Terwiesch	100,210	27,529	22,746	17,536	—
Brandon Spencer	10,317	16,013	26,545	23,853	—
Giampiero Frisio	7,068	21,249	30,091	24,783	—
Total EC members on December 31, 2025	**658,165**	**195,716**	**253,016**	**196,747**	**67,509**

(1) The final 2023 LTIP, 2024 LTIP and 2025 LTIP awards will be settled 100 percent in shares, with an automatic sell-to-cover in place for employees who are subject to withholding taxes.

(2) It was decided to assign the 2025 LTIP performance measures and targets to the Performance Share Units (PSUs) replacement grant of Mathias Gärtner. As a result, the two tranches previously reported have been combined into one tranche and the vesting date has been extended from November 2026 and November 2027 to April 21, 2028. The vesting level of the PSUs depends on the achievement of the applicable 2025 LTIP performance targets. The final replacement awards will be settled 100 percent in shares. Shares are entitled to receive dividend equivalent payment on the final number of vested shares.

(3) This includes 1,200 shares held by spouse.

Exhibit 46: EC shareholding overview on December 31, 2024 (audited)

Name	Total number of shares held on December 31, 2024	Unvested on December 31, 2024					
		Reference number of shares under the 2021 performance factors (EPS and TSR) of the LTIP[1]	Reference number of shares under the 2022 performance factors (EPS, TSR and sustainability) of the LTIP [1]	Reference number of shares under the 2023 performance factors (EPS, TSR and sustainability) of the LTIP[1]	Replacement share grant for foregone benefits from former employer[2]	Replacement share grant for foregone benefits from former employer[2]	Replacement share grant for foregone benefits from former employer[2]
		(vesting 2025)	(vesting 2026)	(vesting 2027)	(vesting 2025)	(vesting 2026)	(vesting 2027)
Morten Wierod (CEO as of August 1, 2024)	170,999	28,736	31,210	59,509	—	—	—
Timo Ihamuotila	200,000	31,609	31,691	26,184	—	—	—
Carolina Granat[3]	38,018	23,148	23,208	19,175	—	—	—
Mathias Gärtner (EC member as of November 1, 2024)	—	—	—	31,738	6,275	33,507	34,002
Karin Lepasoon	690	19,157	19,207	15,869	—	—	—
Sami Atiya	100,000	25,543	25,609	21,159	—	—	—
Tarak Mehta	100,330	26,501	27,529	22,746	—	—	—
Brandon Spencer (EC member as of August 1, 2024)	—	9,541	16,013	26,545	—	—	—
Giampiero Frisio (EC member as of August 1, 2024)	1,381	14,404	21,249	30,091	—	—	—
Total EC members on December 31, 2024	**611,418**	**178,639**	**195,716**	**253,016**	**6,275**	**33,507**	**34,002**

(1) The final 2021 LTIP, 2022 LTIP and 2023 LTIP awards will be settled 100 percent in shares, with an automatic sell-to-cover in place for employees who are subject to withholding taxes.

(2) The first tranche of the replacement share grant consists of Restricted Share Units and will vest one year after the grant. The second and third tranche of the replacement share grant consist of Performance Share Units and will vest two respectively three years after the grant. The tranche vesting in 2026 has been corrected from 33,057 to 33,507. The vesting level of the Performance Share Units depends on the achievement of the applicable performance targets. The final replacement awards will be settled 100 percent in shares. Shares are entitled to receive dividend equivalent payment on the final number of vested shares.

(3) This includes 1,200 shares held by spouse.

Exhibit 47: Targeted and realized EC total compensation in 2025

Target compensation (in CHF)	Base salary	Pension benefits	Other benefits[1]	Target 2025 short-term incentive[2]	Grant fair value of 2022 LTIP grant[3]	Grant fair value of replacement grant[4]	Target total variable compensation	Target total compensation
Morten Wierod	1,500,007	288,696	487,002	1,500,000	810,519	n.a.	**2,310,519**	**4,586,224**
Timo Ihamuotila	990,004	545,180	630,979	990,000	891,570	n.a.	**1,881,570**	**4,047,733**
Carolina Granat	725,012	446,719	461,388	725,000	652,920	n.a.	**1,377,920**	**3,011,039**
Mathias Gärtner	800,009	181,531	370,273	800,000	n.a.	305,781	**1,105,781**	**2,457,594**
Karin Lepasoon	600,000	259,774	295,873	600,000	540,336	n.a.	**1,140,336**	**2,295,983**
Sami Atiya	820,841	508,162	526,065	825,000	720,548	n.a.	**1,545,548**	**3,400,616**
Peter Terwiesch	880,837	517,127	541,064	885,000	747,485	n.a.	**1,632,485**	**3,571,513**
Brandon Spencer[5]	716,788	66,207	74,455	735,231	269,113	n.a.	**1,004,344**	**1,861,794**
Giampiero Frisio[5]	818,022	158,692	86,961	829,625	406,279	n.a.	**1,235,904**	**2,299,579**
Total	**7,851,520**	**2,972,088**	**3,474,060**	**7,889,856**	**5,038,770**	**305,781**	**13,234,407**	**27,532,075**

Realized compensation (in CHF)	Base salary	Pension benefits	Other benefits[1][6]	Actual 2025 short-term incentive[7]	Realized value of 2022 LTIP award[8]	Realized value of replacement grant[9]	Total variable compensation	Total compensation
Morten Wierod	1,500,007	288,696	572,438	1,827,000	2,252,028	n.a.	**4,079,028**	**6,440,169**
Timo Ihamuotila	990,004	545,180	716,984	1,223,640	2,477,187	n.a.	**3,700,827**	**5,952,995**
Carolina Granat	725,012	446,719	522,951	873,625	1,814,122	n.a.	**2,687,747**	**4,382,429**
Mathias Gärtner	800,009	181,531	381,304	974,400	n.a.	372,735	**1,347,135**	**2,709,979**
Karin Lepasoon	600,000	259,774	347,315	730,800	1,501,338	n.a.	**2,232,138**	**3,439,227**
Sami Atiya	820,841	508,162	565,255	534,600	2,001,783	n.a.	**2,536,383**	**4,430,641**
Peter Terwiesch	880,837	517,127	615,502	1,117,755	2,076,865	n.a.	**3,194,620**	**5,208,086**
Brandon Spencer[5]	716,788	66,207	94,727	766,111	747,750	n.a.	**1,513,861**	**2,391,583**
Giampiero Frisio[5]	818,022	158,692	117,321	1,065,239	1,128,668	n.a.	**2,193,907**	**3,287,942**
Total	**7,851,520**	**2,972,088**	**3,933,797**	**9,113,170**	**13,999,741**	**372,735**	**23,485,646**	**38,243,051**

Achievement levels (in %)[10]	Base salary	Pension benefits	Other benefits	2025 short-term incentive	2022 LTIP	Replacement grant	Total variable compensation	Total compensation
Morten Wierod	100.0%	100.0%	117.5%	121.8%	277.8%	n.a.	**176.5%**	**140.4%**
Timo Ihamuotila	100.0%	100.0%	113.6%	123.6%	277.8%	n.a.	**196.7%**	**147.1%**
Carolina Granat	100.0%	100.0%	113.3%	120.5%	277.8%	n.a.	**195.1%**	**145.5%**
Mathias Gärtner	100.0%	100.0%	103.0%	121.8%	n.a.	121.9%	**121.8%**	**110.3%**
Karin Lepasoon	100.0%	100.0%	117.4%	121.8%	n.a.	n.a.	**195.7%**	**149.8%**
Sami Atiya	100.0%	100.0%	107.4%	64.8%	277.8%	n.a.	**164.1%**	**130.3%**
Peter Terwiesch	100.0%	100.0%	113.8%	126.3%	277.8%	n.a.	**195.7%**	**145.8%**
Brandon Spencer[5]	100.0%	100.0%	127.2%	104.2%	277.8%	n.a.	**150.7%**	**128.5%**
Giampiero Frisio[5]	100.0%	100.0%	134.9%	128.4%	277.8%	n.a.	**177.5%**	**143.0%**
Average	**100.0%**	**100.0%**	**116.5%**	**114.8%**	**277.8%**	**121.9%**	**174.9%**	**137.9%**

(1) Other benefits comprise payments related to social security, dividend equivalent payments, health insurance, children's education, transportation, tax advice and certain other items.

(2) Target short-term incentive corresponds to 100 percent of the latest applicable annual base salary.

(3) Represents the 2022 LTIP grant date fair value as per April 25, 2021, as disclosed in our Annual Report 2022.

(4) Represents the grant fair value of the Restricted Share Unit tranche of the replacement share grant disclosed in our Compensation Report 2024.

(5) At the time of the 2022 LTIP grant, both Brandon Spencer and Giampiero Frisio were not EC members, but received a 2022 LTIP grant in their respective Division President roles. Therefore, the grant date fair value for them wasn't disclosed in our Compensation Report 2022.

(6) Differences between realized and target values due to higher social security payments related to AIP awards above target values.

(7) Represents accrued short-term incentive for the year 2025, which will be paid in 2026, after the publication of ABB's financial results. STI is linked to the targets and goals defined in each EC member's Annual Incentive Plan.

(8) Valued at CHF 43.25, the closing price of the ABB share on the day of vesting.

(9) Valued at CHF 59.40, the closing price of the ABB share on the day of vesting.

(10) Ratio of realized compensation compared to target compensation.

Report of the statutory auditor

To the General Meeting of ABB Ltd, Zurich

Report on the Audit of the Compensation Report

Opinion

We have audited the Compensation Report of ABB Ltd (the Company) for the year ended December 31, 2025. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked “audited” in the Compensation Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying Compensation Report complies with Swiss law and the Company’s articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Compensation Report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the ABB Annual Reporting Suite (consisting of the Integrated Report, the Financial Report, the Corporate Governance Report, the Compensation Report and the Sustainability Statement), but does not include the audited content of the Compensation Report, the consolidated financial statements, the statutory financial statements of ABB Ltd and our auditor’s reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

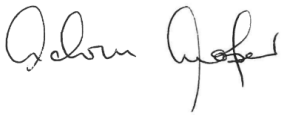
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG



Achim Wolper
Licensed Audit Expert
Auditor in Charge



Mohamad Midani

Zurich, Switzerland
February 18, 2026

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EXPERTsuisse zertifiziertes Unternehmen

Caution concerning forward-looking statements
The Compensation Report 2025 includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We have based these forward-looking statements largely on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions as well as the economic conditions of the regions and the industries that are major markets for ABB. The words “believe,” “may,” “will,” “estimate,” “continue,” “target,” “anticipate,” “intend,” “expect”, “plan” and similar words and the express or implied discussion of strategy, plans or intentions are intended to identify forward-looking statements. These forward- looking statements are subject to risks, uncertainties and assumptions, including among other things, the following: (i) business risks related to the global volatile economic environment; (ii) costs associated with compliance activities; (iii) difficulties encountered in operating in emerging markets; (iv) risks inherent in large, long term projects served by parts of our business; (v) the timely development of new products, technologies, and services that are useful for our customers; (vi) our ability to anticipate and react to technological change and evolving industry standards in the markets in which we operate; (vii) changes in interest rates and fluctuations in currency exchange rates; (viii) changes in raw materials prices or limitations of supplies of raw materials; (ix) the weakening or unavailability of our intellectual property rights; (x) industry consolidation resulting in more powerful competitors and fewer customers; (xi) effects of competition and changes in economic and market conditions in the product markets and geographic areas in which we operate; (xii) effects of, and changes in, laws, regulations, governmental policies, taxation, or accounting standards and practices and (xiii) other factors described in documents that we may furnish from time to time with the US Securities and Exchange Commission, including our Annual Reports on Form 20-F. Although we believe that the expectations reflected in any such forward-looking statements are based on reasonable assumptions, we can give no assurance that they will be achieved. We undertake no obligation to update publicly or revise any forward-looking statements because of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking information, events and circumstances might not occur. Our actual results and performance could differ substantially from those anticipated in our forward-looking statements.



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Supplemental Reconciliations and Definitions

Supplemental Reconciliations and Definitions

The following reconciliations and definitions include alternative performance measures which ABB uses to supplement its Consolidated Financial Information (unaudited) which is prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). Certain of these financial measures are not defined under U.S. GAAP.

While ABB's management believes that the measures herein are useful in evaluating ABB's operating results, this information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with U.S. GAAP. Therefore these measures should not be viewed in isolation but considered together with the 2025 Financial Report prepared in accordance with U.S. GAAP as of and for the year and three months ended December 31, 2025.

Comparable growth rates

Growth rates for certain key figures may be presented and discussed on a "comparable" basis. The comparable growth rate measures growth on a constant currency basis. Since we are a global company, the comparability of our operating results reported in U.S. dollars is affected by foreign currency exchange rate fluctuations. We calculate the impacts from foreign currency fluctuations by translating the current-year periods' reported key figures into U.S. dollar amounts using the exchange rates in effect for the comparable periods in the previous year.

Comparable growth rates are also adjusted for changes in our business portfolio. Adjustments to our business portfolio occur due to acquisitions, divestments, or by exiting specific business activities or customer markets. The adjustment for portfolio changes is calculated as follows: where the results of any business acquired or divested have not been consolidated and reported for the entire duration of both the current and comparable periods, the reported key figures of such business are adjusted to exclude the relevant key figures of any corresponding quarters which are not comparable when computing the comparable growth rate. Certain portfolio changes which do not qualify as divestments under U.S. GAAP have been treated in a similar manner to divestments. Changes in our portfolio where we have exited certain business activities or customer markets are adjusted as if the relevant business was divested in the period when the decision to cease business activities was taken. We do not adjust for portfolio changes where the relevant business has annualized revenues of less than $50 million.

The following tables provide reconciliations of reported growth rates of certain key figures to their respective comparable growth rate.

Comparable growth rate reconciliation by Business Area

	FY 2025 compared to FY 2024							
	Order growth rate				Revenue growth rate			
Business Area	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**
Electrification	14%	-1%	0%	**13%**	12%	-1%	0%	**11%**
Motion	8%	-2%	0%	**6%**	6%	-2%	0%	**4%**
Automation	33%	-3%	0%	**30%**	5%	-2%	0%	**3%**
ABB Group	**17%**	**-2%**	**0%**	15%	**9%**	**-2%**	**0%**	**7%**

Regional comparable growth rate reconciliation for ABB Group – Year to date

	FY 2025 compared to FY 2024							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	16%	-5%	0%	**11%**	13%	-6%	0%	**7%**
The Americas	26%	0%	0%	**26%**	9%	1%	0%	**10%**
of which: United States	34%	-1%	1%	**34%**	12%	0%	0%	**12%**
Asia, Middle East and Africa	7%	0%	0%	**7%**	3%	1%	-1%	**3%**
of which: China	9%	0%	-1%	**8%**	-1%	-1%	-2%	**-4%**
ABB Group	**17%**	**-2%**	**0%**	**15%**	**9%**	**-2%**	**0%**	**7%**

Regional comparable growth rate reconciliation by Business Area – Year to date

	FY 2025 compared to FY 2024							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	10%	-5%	0%	**5%**	13%	-5%	0%	**8%**
The Americas	22%	0%	1%	**23%**	15%	1%	0%	**16%**
of which: United States	29%	0%	-1%	**28%**	19%	0%	-1%	**18%**
Asia, Middle East and Africa	7%	0%	-1%	**6%**	7%	0%	-2%	**5%**
of which: China	-1%	0%	-3%	**-4%**	1%	0%	-4%	**-3%**
Electrification	**14%**	**-1%**	**0%**	**13%**	**12%**	**-1%**	**0%**	**11%**

	FY 2025 compared to FY 2024							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	7%	-5%	0%	**2%**	14%	-5%	-1%	**8%**
The Americas	20%	0%	0%	**20%**	2%	0%	0%	**2%**
of which: United States	27%	-1%	0%	**26%**	3%	0%	0%	**3%**
Asia, Middle East and Africa	-2%	0%	0%	**-2%**	2%	0%	0%	**2%**
of which: China	8%	0%	0%	**8%**	1%	-1%	0%	**0%**
Motion	**8%**	**-2%**	**0%**	**6%**	**6%**	**-2%**	**0%**	**4%**

	FY 2025 compared to FY 2024							
	Order growth rate				Revenue growth rate			
Region	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Europe	33%	-5%	0%	**28%**	11%	-5%	0%	**6%**
The Americas	46%	-1%	0%	**45%**	3%	0%	0%	**3%**
of which: United States	73%	-4%	0%	**69%**	6%	0%	0%	**6%**
Asia, Middle East and Africa	21%	-1%	0%	**20%**	0%	-1%	0%	**-1%**
of which: China	40%	-1%	0%	**39%**	-8%	-1%	0%	**-9%**
Automation	**33%**	**-3%**	**0%**	**30%**	**5%**	**-2%**	**0%**	**3%**

Order backlog growth rate reconciliation

	December 31, 2025 compared to December 31, 2024			
Business Area	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**
Electrification	26%	-5%	0%	**21%**
Motion	20%	-10%	-2%	**8%**
Automation	33%	-10%	0%	**23%**
ABB Group	**27%**	**-8%**	**-1%**	**18%**

Other growth rate reconciliations

	FY 2025 compared to FY 2024							
	Service orders growth rate				Services revenues growth rate			
Business Area	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**	**US$ (as reported)**	**Foreign exchange impact**	**Portfolio changes**	**Comparable**
Electrification	21%	-2%	-3%	**16%**	18%	-2%	-4%	**12%**
Motion	11%	-1%	0%	**10%**	3%	-2%	0%	**1%**
Automation	31%	-3%	0%	**28%**	8%	-2%	0%	**6%**
ABB Group	**25%**	**-2%**	**-1%**	**22%**	**10%**	**-2%**	**-1%**	**7%**

Net working capital

Definition

Net working capital

Net working capital is the sum of (i) receivables, net, (ii) contract assets, (iii) inventories, net, and (iv) prepaid expenses; less (v) accounts payable, trade, (vi) contract liabilities and (vii) other current liabilities (excluding primarily: (a) income taxes payable, (b) current derivative liabilities, (c) pension and other employee benefits, (d) payables under the share buyback program and (e) liabilities related to certain other restructuring-related activities); and including the amounts related to these accounts which have been presented as either assets or liabilities held for sale.

Reconciliation

	December 31,	
($ in millions, unless otherwise indicated)	**2025**	**2024**
Net working capital:		
Receivables, net	7,535	6,843
Contract assets	1,090	889
Inventories, net	5,862	5,420
Prepaid expenses	281	282
Accounts payable, trade	(5,210)	(4,681)
Contract liabilities	(3,221)	(2,704)
Other current liabilities[(1)]	(3,965)	(3,646)
Net working capital	**2,372**	**2,403**

(1) Amounts exclude $712 million and $729 million at December 31, 2025 and 2024, respectively, related primarily to (a) income taxes payable, (b) current derivative liabilities, (c) pension and other employee benefits, (d) payables under the share buyback program and (e) liabilities related to certain restructuring-related activities.

Average trade net working capital as a percentage of revenues

Definition

Average trade net working capital as a percentage of revenues

Average trade net working capital as a percentage of revenues is calculated as Average trade net working capital divided by Total revenues for the trailing twelve months (being the total revenues recorded by ABB in the twelve months preceding the relevant balance sheet date).

Average trade net working capital

Average trade net working capital is calculated as the average of the opening and closing Trade net working capital for each of the four quarters during the trailing twelve-month period (4-quarter average).

Trade net working capital

Trade net working capital is the sum of (i) trade receivables, net (comprised of trade accounts receivable net of related allowance, presented within Receivables, net, on the Consolidated Balance Sheets), (ii) contract assets, and (iii) inventories, net; less (iv) accounts payable, trade, (v) contract liabilities and (vi) accrued expenses, operating (comprised of accruals related to customer rebates, unpaid interest and other general operating expenses; all of which are presented within Other current liabilities on the Consolidated Balance Sheets); and including the amounts related to these accounts which have been presented as either assets or liabilities held for sale.

Reconciliation

($ in millions, unless otherwise indicated)	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Trade net working capital:					
Trade receivables, net	6,884	6,838	6,837	6,401	6,277
Contract assets	1,090	1,062	1,083	992	889
Inventories, net	5,862	6,051	6,007	5,680	5,420
Accounts payable, trade	(5,210)	(4,936)	(4,918)	(4,676)	(4,681)
Contract liabilities	(3,221)	(3,204)	(3,109)	(2,986)	(2,704)
Accrued expenses, operating	(1,346)	(1,370)	(1,254)	(1,189)	(1,234)
Trade net working capital in assets and liabilities held for sale	–	(8)	–	–	–
Trade net working capital	**4,059**	**4,433**	**4,646**	**4,222**	**3,967**
Average of opening and closing Trade net working capital	4,246	4,540	4,434	4,095	
Average trade net working capital	**4,329**				
Total revenues for the year ended	**33,220**				
Average trade net working capital as a percentage of revenues	**13.0%**				

($ in millions, unless otherwise indicated)	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Trade net working capital:					
Trade receivables, net	6,277	6,360	6,415	6,329	6,321
Contract assets	889	967	868	889	885
Inventories, net	5,420	6,100	5,809	5,687	5,645
Accounts payable, trade	(4,681)	(4,798)	(4,759)	(4,673)	(4,497)
Contract liabilities	(2,704)	(2,795)	(2,682)	(2,577)	(2,559)
Accrued expenses, operating	(1,234)	(1,327)	(1,228)	(1,265)	(1,402)
Trade net working capital in assets and liabilities held for sale	–	20	–	–	–
Trade net working capital	**3,967**	**4,527**	**4,423**	**4,390**	**4,393**
Average of opening and closing Trade net working capital	4,247	4,475	4,407	4,392	
Average trade net working capital	**4,380**				
Total revenues for the year ended	**30,583**				
Average trade net working capital as a percentage of revenues	**14.3%**				

Return on Capital employed (ROCE)

In the first quarter of 2025, the Company modified its definition of Return on Capital employed (ROCE) to utilize a four-quarter average of Capital employed in place of a simple average of the annual period's opening and closing Capital employed. The change to an averaging method allows for a comparable ratio that can be presented quarterly compared to our previous annual disclosure. In addition, a fixed notional tax rate (subject to review for significant changes) is used. The new definition is provided below.

Definition

Return on Capital employed (ROCE)

Return on Capital employed (ROCE) is calculated as Operational EBITA after tax for the trailing twelve months divided by the unrounded average of the opening and closing Capital employed for each of the four quarters during the trailing twelve-month period (4-quarter average).

Capital employed

Capital employed is calculated as the sum of Adjusted total fixed assets and Net working capital (as defined above).

Adjusted total fixed assets

Adjusted total fixed assets is the sum of (i) property, plant and equipment, net, (ii) goodwill, (iii) other intangible assets, net, (iv) investments in equity-accounted companies, (v) operating lease right-of-use assets, and (vi) fixed assets included in assets held for sale, less (vii) deferred tax liabilities recognized in certain acquisitions.

Notional tax on Operational EBITA

The Notional tax on Operational EBITA is computed using a consistent notional tax rate, approximately representative of the Company's weighted-average global tax rate, multiplied by Operational EBITA. The notional tax rate is subject to adjustment for significant changes in the Company's weighted-average global tax rate.

Reconciliation

($ in millions, unless otherwise indicated)	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Adjusted total fixed assets:					
Property, plant and equipment, net	4,692	4,443	4,396	4,099	3,986
Goodwill	9,637	9,522	9,507	9,305	8,801
Other intangible assets, net	1,119	1,096	1,140	1,134	999
Investments in equity-accounted companies	349	381	369	361	351
Operating lease right-of-use assets	765	754	761	765	752
Fixed assets included in assets held for sale	–	9	–	–	–
Total fixed assets	**16,562**	**16,205**	**16,173**	**15,664**	**14,889**
Less: Deferred taxes recognized in certain acquisitions[1]	(199)	(210)	(220)	(231)	(242)
Adjusted total fixed assets	**16,363**	**15,995**	**15,953**	**15,433**	**14,647**
Net working capital - (as defined above)	**2,372**	**2,993**	**3,423**	**3,037**	**2,403**
Capital employed	**18,735**	**18,988**	**19,376**	**18,470**	**17,050**
Average of opening and closing Capital employed	18,862	19,182	18,923	17,760	
Operational EBITA for the year ended	6,314				
Notional tax on Operational EBITA	(1,579)				
Operational EBITA after tax for the year ended	**4,735**				
Average Capital employed (4 quarters)	**18,682**				
Return on Capital Employed (ROCE)	**25.3%**				

(1) Amount relates to GEIS acquired in 2018, B&R acquired in 2017, Thomas & Betts acquired in 2012 and Baldor acquired in 2011.

($ in millions, unless otherwise indicated)	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Adjusted total fixed assets:					
Property, plant and equipment, net	3,986	4,050	3,911	3,864	3,958
Goodwill	8,801	8,774	8,752	8,716	8,760
Other intangible assets, net	999	981	1,034	1,073	1,162
Investments in equity-accounted companies	351	172	173	162	172
Operating lease right-of-use assets	752	779	772	772	798
Fixed assets included in assets held for sale	–	176	–	–	–
Total fixed assets	**14,889**	**14,932**	**14,642**	**14,587**	**14,850**
Less: Deferred taxes recognized in certain acquisitions[(1)]	(242)	(253)	(265)	(281)	(297)
Adjusted total fixed assets	**14,647**	**14,679**	**14,377**	**14,306**	**14,553**
Net working capital - (as defined above)	**2,403**	**3,231**	**3,213**	**3,159**	**2,835**
Capital employed	**17,050**	**17,910**	**17,590**	**17,465**	**17,388**

Average of opening and closing Capital employed	17,480	17,750	17,528	17,427

Operational EBITA for the year ended	5,572
Notional tax on Operational EBITA	(1,393)
Operational EBITA after tax for the year ended	**4,179**
Average Capital employed (4 quarters)	**17,546**
Return on Capital Employed (ROCE)	**23.8%**

(1) Amount relates to GEIS acquired in 2018, B&R acquired in 2017, Thomas & Betts acquired in 2012 and Baldor acquired in 2011.

Free cash flow

Definition

Free cash flow

Free cash flow is calculated as net cash provided by operating activities adjusted for: (i) purchases of property, plant and equipment and intangible assets, and (ii) proceeds from sales of property, plant and equipment.

Reconciliation

	Year ended December 31,		Three months ended December 31,	
($ in millions, unless otherwise indicated)	2025	2024	2025	2024
Net cash provided by operating activities – continuing operations	**5,250**	**4,442**	**1,988**	**1,505**
Adjusted for the effects of continuing operations:				
Purchases of property, plant and equipment and intangible assets	(1,001)	(799)	(409)	(271)
Proceeds from sale of property, plant and equipment	194	107	18	41
Free cash flow – continuing operations	**4,443**	**3,750**	**1,597**	**1,275**
Net cash provided by operating activities – discontinued operations	**219**	**233**	**(39)**	**32**
Adjusted for the effects of discontinued operations:				
Purchases of property, plant and equipment and intangible assets	(98)	(46)	(42)	(12)
Proceeds from sale of property, plant and equipment	2	–	1	–
Free cash flow – discontinued operations	**123**	**187**	**(80)**	**20**
Free cash flow	**4,566**	**3,937**	**1,517**	**1,295**

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