
Compensation Report 2023

ABB



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Letter from the Chairman of the Compensation Committee

Dear Shareholders,

On behalf of the Board of Directors (Board) and the Compensation Committee (CC), I am pleased to present the ABB Compensation Report for 2023 (Report).

Our focus at the CC remains 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 best-practice corporate governance standards and with ABB's Sustainability Agenda.

As we continuously work to perfect the Report, the section "Compensation at a glance" contains the key information of the Board and the Executive Committee (EC) compensation. These can also be found in [ABB's Integrated Report 2023](#) under the "Compensation Summary" chapter.

Summary of changes in policies and disclosures

In response to valuable feedback from our stakeholders, you will find the 2023 Annual Incentive Plan (AIP) targets for the CEO disclosed in this Report, providing additional level of transparency on the alignment between pay and performance that we seek to ensure at ABB.

Furthermore, we will extend our malus and clawback policy, which is currently applied to our Long-Term Incentive Plan (LTIP) with a clawback period of five years, to future AIP launches (i.e., from 2024) for all EC members, with a clawback period of three years, in line with market practice.

Finally, we have introduced an additional disclosure – the ratio of the annual total compensation of our CEO to the median annual total compensation of all permanent ABB employees in Switzerland. Details can be found in the section "Annual total compensation ratio" of the Report.

Sustainability impact on executive compensation

We will maintain the strong link between our Sustainability Agenda and compensation programs, such that all EC members continue to have a sustainability performance measure in their LTIP, with a material weighting of 20 percent. Details related to the sustainability target for the 2024 LTIP are disclosed in the Report.

In addition, all EC members shall have two or more goals relating to sustainability in the individual component of their AIP.

2023 results and compensation policy outcomes

2023 was a year of solid operational and financial performance. Overall, most key financial, sustainability and operational targets were met or exceeded. ABB (the Company) delivered a strong operational EBITA margin, increased its revenues, and improved productivity in 2023. The Company also made significant progress in reducing its environmental footprint and contributing to a more sustainable environment. For more information on ABB's 2023 sustainability achievements please refer to [ABB's Integrated Report 2023](#).

Board of Directors: the aggregate Board compensation for the 2023–2024 term (CHF 4.38 million) is in line with the maximum amount (CHF 4.4 million) approved at the 2023 Annual General Meeting (AGM). There has been no change to the individual Board member fees since 2015.

Executive Committee: the aggregate EC total compensation was CHF 40.6 million in 2023, driven largely by the strong performance related variable pay awards, as summarized in Exhibit 21, and presented in detail in Exhibits 41 and 42. This is below the maximum amount (CHF 45.9 million) approved at the 2022 AGM. Two of the nine EC members in place received a salary adjustment in March 2023, which ranged from 3.6 to 8.3 percent, for exceptional performance or broadened responsibilities. This corresponded to an average 1.3 percent increase on the annual aggregate base salaries for EC members in post in March 2023. The average award for the current EC members under the AIP for 2023 was 143.3 percent (out of a maximum of 150 percent), compared to 118.3 percent in 2022. The average weighted achievement level of the 2020 LTIP, which vested in 2023, was 189.5 percent (out of a maximum of 200 percent), driven by solid evolution of our Earnings Per Share (EPS) during the period, and a maximum vesting under the relative Total Shareholder Return (TSR) performance measure.

Governance

At the AGM on March 21, 2024, you will be asked to vote on the maximum aggregate compensation for the Board for its 2024–2025 term and on the maximum aggregate compensation for the EC in 2025. The former is again unchanged compared to the prior year, while the latter shows an increase from the level requested for the prior year, primarily influenced by the change in composition of the EC.

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

Chairman of the Compensation Committee

Zurich, February 22, 2024

Compensation at a glance

Board compensation

Compensation for the 2023–2024 term of office

The aggregate Board compensation for the 2023–2024 term of office (CHF 4,380,000) was within the maximum amount (CHF 4,400,000) approved at the 2023 Annual General Meeting (AGM).

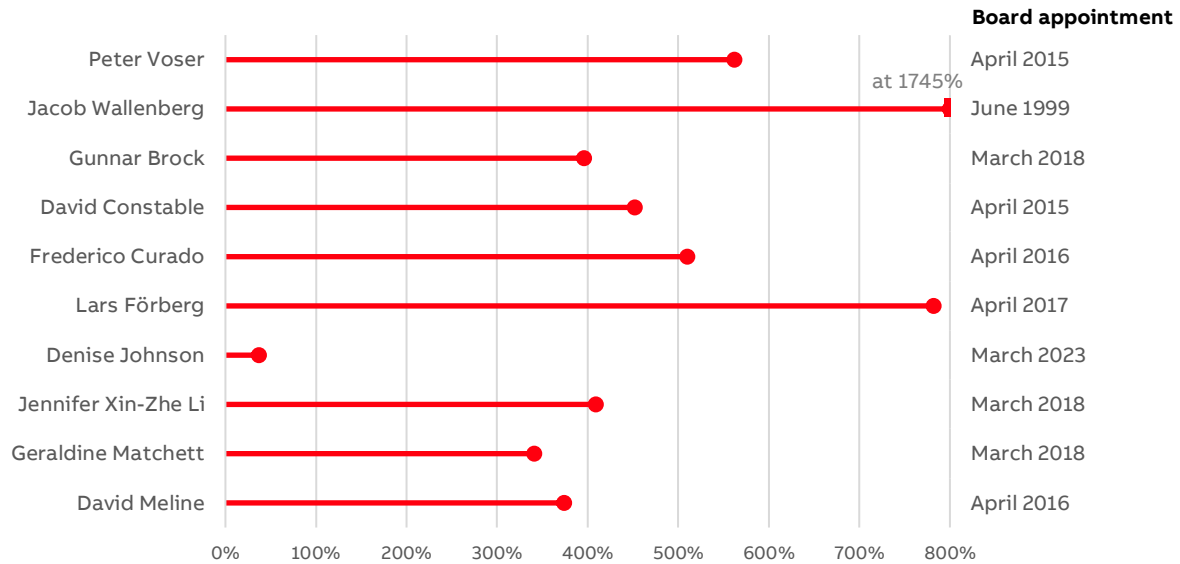
Exhibit 1: Board compensation (in CHF) for the 2023–2024 term of office

Aggregate compensation	4,380,000
Approved compensation amount	4,400,000

Share ownership of Board members

Except for one member, who joined the Board in 2023, all other Board members held ABB shares at December 31, 2023, worth at least 300 percent of their 2023 Board compensation.

Exhibit 2: Board members shareholding (at December 31, 2023) in % of 2023 total compensation*



* Based on share price of CHF 31.24, the 2023 Long-Term Incentive Plan (LTIP) reference price, and shares held at December 31, 2023.

Executive Committee (EC) compensation

Compensation structure as from 2023

Exhibit 3: EC compensation structure as from 2023

	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 to be implemented from 2024	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		<p>CEO</p> <p>Other EC members*</p>	<p>CEO 500% of annual salary (net of taxes)</p> <p>Other EC members 400% of annual salary (net of taxes)</p>
Performance indicators	Changes to base salary consider individual performance, future potential, broadening of responsibilities, and external benchmarking	<p> <ul style="list-style-type: none"> 80% Group financial results 20% Individual results </p>	<p> <ul style="list-style-type: none"> 50% Average EPS 30% Relative TSR 20% Sustainability </p>	Exposure to ABB share price
		<p> <ul style="list-style-type: none"> 20% Group financial results 60% Business area financial results 20% Individual results </p>		

* EC members with legacy employment contracts have a Target LTIP grant of 100%, and Max LTIP opportunity of 200%. The higher LTIP opportunity for the newer EC members is largely offset by lower pension and other benefit costs.

Total EC compensation for 2023

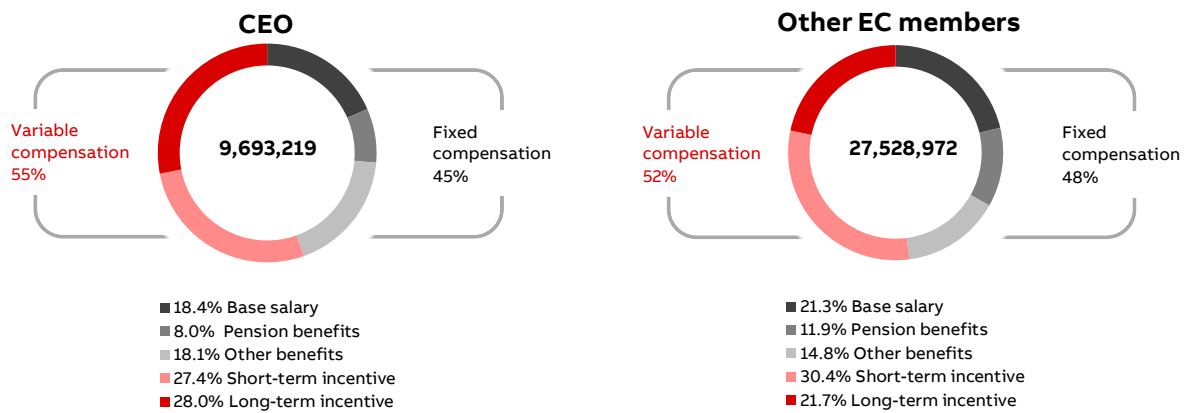
The aggregate EC compensation for 2023 (CHF 40,642,468) was within the maximum amount approved at the 2022 AGM (CHF 45,900,000).

Exhibit 4: EC compensation (in CHF) for 2023

Effective aggregate compensation	40,642,468
Approved aggregate compensation	45,900,000

The largest portion of the CEO's 2023 total compensation was delivered via performance driven variable compensation (55 percent), represented by short-term and long-term incentives. For the other EC members, on an aggregate level, variable compensation represented 52 percent of their 2023 compensation. The following chart shows the composition of the 2023 total compensation for the EC members at December 31, 2023.

Exhibit 5: 2023 total compensation mix (in CHF) for the CEO and other EC members on aggregate level*



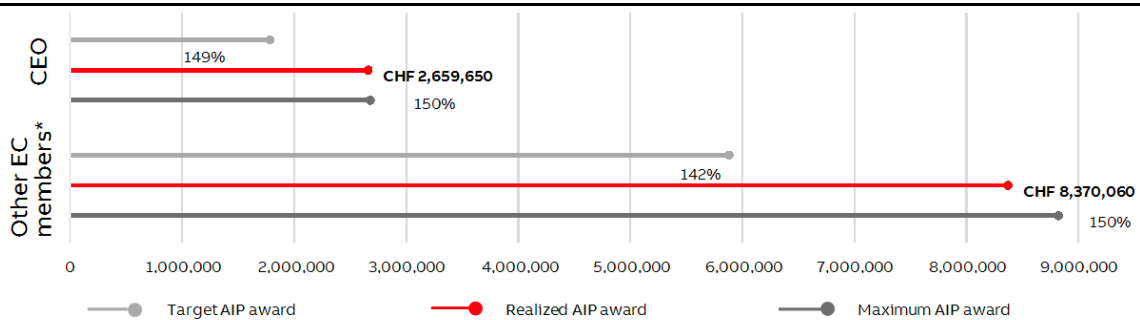
* Composed of actual base salary, 2023 AIP, 2023 LTIP grant, pension, and other benefits. 2023 AIP represents accrued short-term incentive for the year 2023, which will be paid in 2024, after the publication of ABB's financial results. The sum of percentage figures may differ from 100 percent due to rounding with one decimal.

Realized variable compensation in 2023

Realized variable compensation considers the AIP award and the LTIP award at the end of their respective performance cycles, reflecting actual AIP payment and LTIP vesting, based on achievement of the respective plan performance measures.

The outcome of the 2023 AIP was above the target for all current EC members (143.3 percent on average), and the LTIP that vested in 2023 (2020 LTIP) exceeded the target level, with a final vesting level of 189.5 percent of target.

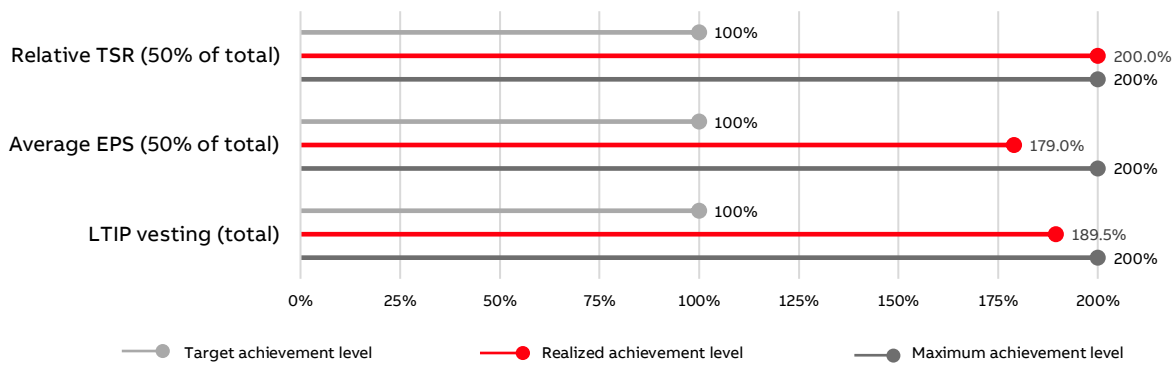
Exhibit 6: 2023 AIP outcome compared to target



Target AIP award corresponds to 100 percent of base salary.

* On an aggregate level, while individual outcomes range from 120 to 150 percent.

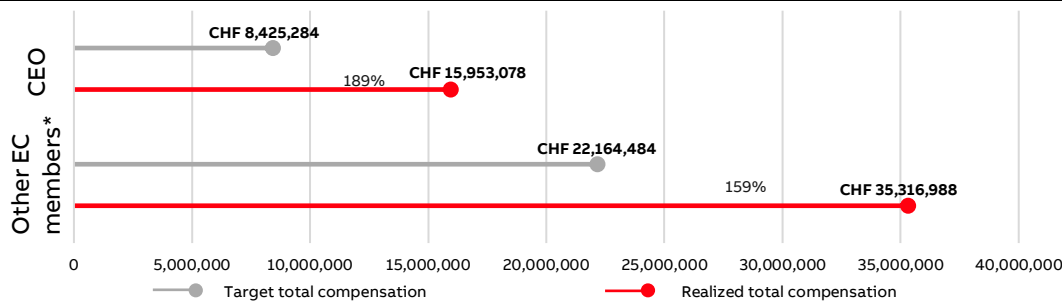
Exhibit 7: 2020 LTIP outcome compared to target



Realized total compensation in 2023

Considering the stated variable components above, the realized total compensation in 2023 was above the target total compensation for all EC members, driven by strong performance in 2023 and the high level of achievement against the targets for the 2020 LTIP, which vested in 2023.

Exhibit 8: Realized total compensation in 2023 compared to target total compensation



* On an aggregate level, while individual outcomes range from 117 to 189 percent.

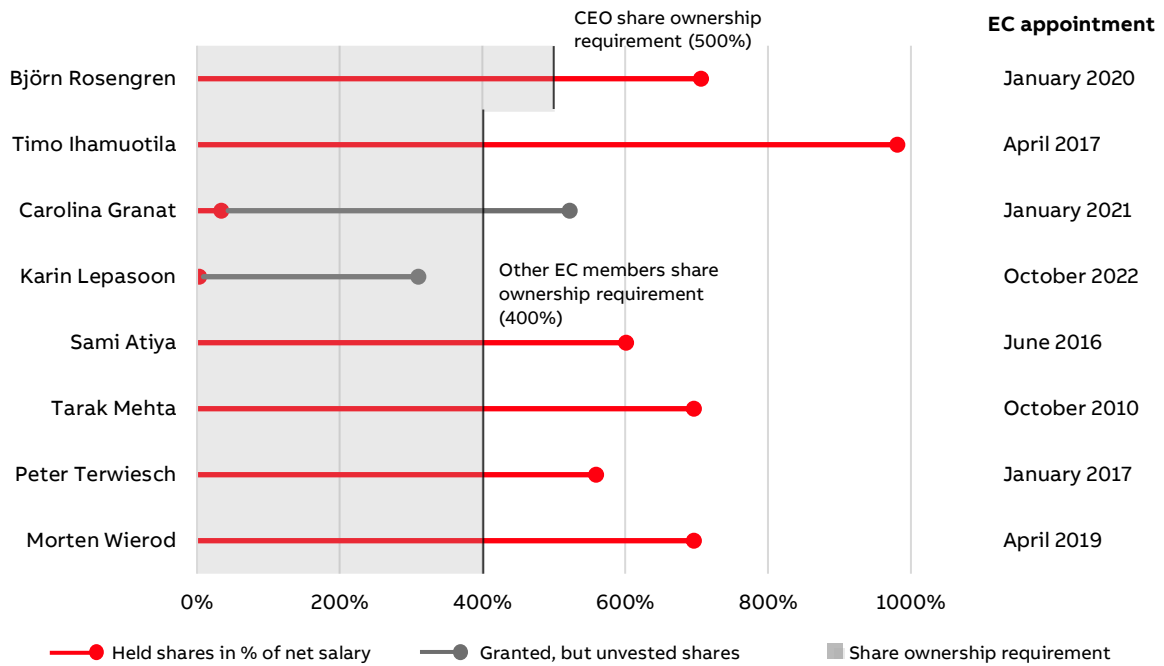
Further details related to the realized compensation of each EC member and each compensation component are specified in Exhibit 48.

Share ownership of EC members

EC members may not sell their shares (except to meet tax and social security costs related to share vesting) until they achieve the required share ownership level.

Six out of eight EC members exceeded their share ownership requirements. The other two members have been appointed to the EC in the last three years.

When considering the number of granted, but unvested, ABB shares of EC members at December 31, 2023, it is expected that the remaining two most recently appointed EC members who do not currently meet their share ownership requirement are projected to do so in 2026, after vesting of the 2023 LTIP grant, and in 2027, after vesting of the 2024 LTIP grant, respectively.

Exhibit 9: EC shareholding compared to share ownership guideline*

* Based on share price of CHF 31.24, the 2023 LTIP reference price, and shares held at December 31, 2023. Future allocation of granted, but unvested, shares is based on target achievement level and relevant plan specific settlement: default settlement of the final 2021 LTIP, 2022 LTIP and 2023 LTIP awards is 100 percent in shares. The value of shares is compared against the annual base salary net of taxes, at December 31, 2023.

Compensation governance

The Compensation Report is prepared in accordance with the Swiss Code of Obligations, the Directive on Information relating to Corporate Governance of the SIX Exchange Regulation, the rules of the stock markets of Sweden and the United States, where ABB shares were listed until May 2023, and 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 can be found on ABB's Corporate Governance website new.abb.com/about/corporate-governance and are 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 also available 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 of 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 2023

The CC meets as often as business requires but at least four times a year. In 2023, 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 Chairman 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. Further details are provided in the section “Board of Directors – Meetings and attendance” of ABB’s [Corporate Governance Report 2023](#).

Exhibit 11: CC activities during 2023

Strategy

- Review of EC compensation structure
- Continued monitoring of link between sustainability and compensation

Board compensation

- Review of compensation benchmarking for Board members (bi-annual activity)

EC compensation

- Review of recommendations on individual compensation for EC members
- Review of the share ownership of EC members
- Review and approval of compensation for new and departing EC members

Performance – relating to past performance cycle

- Assessment of AIP awards for 2023
- Assessment of achievement of performance targets for LTIP awards vesting in 2023

Performance – relating to forthcoming performance cycle

- Setting of AIP design, measures and targets for 2023
- Consideration of forecast AIP outcomes for 2023
- Consideration of preliminary AIP measures and targets for 2024
- Setting of performance targets for LTIP grants in 2023
- 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 Chairman 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 2023 PricewaterhouseCoopers (PwC) was mandated to provide these services. In addition to its CC advisory role, PwC also provides human resources, tax, and advisory services to ABB. Other external advisors may be employed by the CC and management on a case-by-case basis.

Sustainability-related considerations in ABB's compensation

There are a range of sustainability-related considerations which play an important role in our compensation philosophy, including the desire to foster a strong link between ABB's Sustainability Agenda and the variable compensation for the EC and senior management, as well as the general ambition to reinforce its social contract with its employees.

Impact of sustainability performance on variable compensation

Given sustainability is an integral part of ABB's strategy and plans, there is a strong, direct link between the Sustainability Agenda and executive incentives through ABB's key variable compensation programs such as AIP and LTIP.

Regarding the AIP, all EC members have two or three sustainability goals (out of a maximum of three) in the individual component of their respective plans.

In 2023, all EC members had an environmental goal (scope 1 and 2 greenhouse gas (GHG) emissions reduction). Most of the EC members had a social goal, which for the CEO and business area presidents was safety, and for most corporate officers was an increase in the proportion of women in senior management roles (female leaders), while the CFO had a governance goal (related to internal controls).

In addition, all EC members had an integrity 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.

Regarding the LTIP granted to ABB's senior management in 2023, including the EC, a Company-wide sustainability performance measure with a weighting of 20 percent forms part of the performance measures.

- For the 2023 LTIP, the sustainability performance measure was the Company's GHG emissions reduction at the end of the three-year performance period (2023–2025), compared to the 2019 baseline.
- To support our strong ambition to our long-term GHG emissions reduction, the sustainability measure for the 2024 LTIP will again be GHG emissions reduction at the end of the three-year performance period (2024–2026), compared to the 2019 baseline. See page 32 for the target and award points.

Details of the long-term GHG emissions reduction targets can be found in ABB's [Sustainability Report 2023](#).

Programs for ABB employees

In addition to the offer of fair and competitive compensation to our employees, ABB also strives to offer additional programs to reinforce its social contract with its employees. Selected key programs and their links to our Sustainability Agenda are summarized in the Exhibit 12 below.

Exhibit 12: Selected programs for employees

Program	Operation and purpose	Link to ABB's Sustainability Agenda
Employee Share Acquisition Plan (ESAP)	Offered to ca. 100,000 employees in over 60 countries, providing the opportunity to purchase shares in ABB one year after the start of a plan, at a price which will be fixed at the beginning of each annual plan cycle, and become ABB shareholders. The opportunity for share ownership is the same for permanent full-time and permanent part-time employees at ABB. This is the case in all ABB locations where ESAP is offered.	Supports social goals by aligning employees' interests with the interests of shareholders and maintaining focus on the long-term success of the Company.
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".
Car or Transportation 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

The compensation policy for the members of the Board is designed to attract and retain experienced people to the Board. Compensation considers the responsibilities, time and effort required to fulfill their roles on the Board and its committees and is generally positioned at levels similar to other Swiss listed companies of comparable size and complexity.

Compensation structure

A fixed fee is payable to the Chairman, Vice-Chairman and members of the Board, and additional fees are payable for chairing or membership of a Board committee, except for the Chairman and Vice-Chairman. 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.

Board members are required to take 50 percent of their compensation in shares, but they may elect to receive all their fees in shares. The number of shares delivered is calculated prior to each semi-annual 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 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.

Implementation of Board compensation policy

Board fees by role

As mentioned above, the levels and 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, excluding financial services, including Alcon, Geberit, Givaudan, Holcim, Kuehne + Nagel, Logitech, Lonza, Nestle, Novartis, Richemont, Roche, Sika, Sonova and Swisscom. Such a review was last undertaken in 2023, and there was no adjustment made to Board fees for the term of office from the 2023 AGM to the 2024 AGM, as set out in Exhibit 13. There has been no change to the individual Board fees since 2015.

Exhibit 13: Board fees (in CHF) for the current term of office	
Chairman of the Board ⁽¹⁾	1,200,000
Vice-Chairman of the Board ⁽¹⁾	450,000
Member of the Board	290,000
Additional committee fees:	
Chairman of FACC ⁽²⁾	110,000
Chairman of CC or GNC ⁽²⁾	60,000
Member of FACC ⁽²⁾	40,000
Member of CC or GNC ⁽²⁾	30,000

(1) The Chairman and the Vice-Chairman do not receive any additional committee fees.

(2) CC: Compensation Committee,
FACC: Finance, Audit and Compliance Committee,
GNC: Governance and Nomination Committee.

Total Board compensation

The compensation paid to the Board members for the calendar year 2023 and for the term of office from the 2023 AGM to the 2024 AGM are disclosed in Exhibit 14 below and in Exhibits 37 and 38, respectively, in the section "Compensation tables and share ownership tables".

At the 2023 AGM, the shareholders approved a maximum aggregate compensation amount of CHF 4.4 million for the 2023–2024 Board term. This amount equals the approved amount for the previous Board term, as both the compensation per Board member and the number of Board members remained unchanged. The Board compensation to be paid for the 2023–2024 Board term is CHF 4.38 million and is therefore within the amount approved by the shareholders.

Exhibit 14: Board compensation (in CHF)	Board term	
	2023–2024	2022–2023
Board of Directors		
Number of members	10	10
Total compensation	4,380,000	4,380,000
Maximum aggregate compensation amount approved at previous AGM	4,400,000	4,400,000

Compensation of former Board members

In 2023, no payment was made to any former Board member.

Compensation for services rendered

In 2023, ABB did not pay any fees or compensation to the members of the Board for services rendered to ABB other than those disclosed in this Compensation Report.

Share ownership of Board members

The members of the Board collectively owned less than one percent of ABB's total shares outstanding at December 31, 2023.

Exhibit 39 in the section "Compensation tables and share ownership tables" shows the number of ABB shares held by each Board member at December 31, 2023 and 2022. Except as described in this Exhibit, no member of the Board and no person closely linked to a member of the Board held any shares of ABB or options in ABB shares.

Shares delivered to Board members as part of their compensation are blocked for a period of three years.

Exhibit 2 in the section "Compensation at a glance" shows the wealth at risk for each Board member, comparing the value of shares held at December 31, 2023, with the total compensation for the 2023–2024 term of office. Except for one member, who joined the Board in 2023, all other Board members held ABB shares at December 31, 2023, worth at least 300 percent of their 2023 Board compensation.

External mandates held by ABB Board members

Nine out of ten ABB Board members held at least one external mandate in other companies. Detailed information can be found in Exhibit 40 in the section "Compensation tables and share ownership tables".

Executive Committee compensation policy

The EC compensation policy reflects ABB's commitment to attract, motivate and retain people with the talent necessary to strengthen its position as a leading global technology company.

Compensation structure

The 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. The 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 "Compensation at a glance".

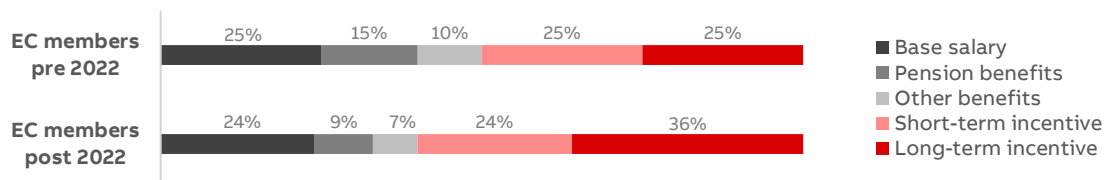
A significant portion of total compensation depends on variable pay components, which require the achievement of challenging performance targets, in alignment with ABB's Annual and Long-Term Performance Plans.

The target AIP award is defined as a percentage of base salary, currently 100 percent for all EC members. There is no award under the AIP if performance is below threshold on all financial and individual performance measures. When performance exceeds targets, the maximum award is capped at 150 percent of the targeted amount.

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 all other EC members. There will be no award under the LTIP if performance is below threshold for all applicable measures. 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 compensation policy introduced in 2022, on the target compensation mix for EC members, compared to the compensation mix applicable prior to 2022. The new policy provides a greater emphasis on variable pay, which is especially reflected in the long-term compensation component. Exhibit 15 illustrates the policy change 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.

Exhibit 15: Policy for target compensation mix of EC members (excluding CEO) appointed prior to and after 2022*



* 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 is applied.

Competitive positioning of compensation

The Board considers 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 last conducted such a review in 2022.

While each of these peer groups used in the benchmarking exercise, matched the size, scope and 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, a stronger emphasis is placed on the Global Industry peer 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 16 below).

Exhibit 16: Peer groups for EC compensation benchmarking

Peer group	Composition	Companies	Rationale
Global Industry	A tailored group of 16 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, Toshiba, Traton	Focus for business area roles and benchmarking compensation design
Pan-European Market	A panel of 50 cross-industry European companies, matching the scale and complexity of ABB	See footnote (1)	Focus for Corporate 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, Kuehne & Nagel, Holcim, Nestle, Novartis, Richemont, Roche, Schindler, SGS, Sika, STMicroelectronics, Swatch, Swisscom	Swiss location of headquarters

(1) AB InBev, Adidas, Air Liquide, Associated British Foods, AstraZeneca, BAE Systems, Bayer, Bouygues, British American Tobacco, Compass Group, Continental, CRH, Danone, Endesa, EssilorLuxottica, Fresenius, Fresenius Medical Care, GlaxoSmithKline, Heidelberg Materials, Heineken, Henkel, Hennes & Mauritz, Holcim, Iberdrola, Imperial Brands, Industria de Diseno Textil, Jeronimo Martins SGPS, 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, Telefonaktiebolaget LM Ericsson, Thales, Umicore, 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 17 below. This data shows that ABB is typically positioned at the median of key comparator indicators (market capitalization, revenues, and number of employees) against the Global Industry and Pan-European Market peer groups, and at the upper quartile of the Swiss Market peer group. The next compensation benchmarking review will take place in 2024.

Exhibit 17: Comparison of ABB to compensation benchmarking peer groups⁽¹⁾

	Market capitalization ⁽²⁾⁽³⁾⁽⁴⁾	Revenues ⁽²⁾⁽⁴⁾⁽⁵⁾	Number of employees ⁽⁵⁾⁽⁶⁾
ABB	58.8	27.5	104,400
Global Industry			
Upper Quartile	78.5	36.3	133,924
Median	49.0	31.1	98,118
Lower Quartile	16.6	17.0	77,017
Pan-European Market			
Upper Quartile	75.4	40.0	124,435
Median	32.6	27.9	89,012
Lower Quartile	20.2	22.7	62,660
Swiss Market			
Upper Quartile	65.1	38.2	85,017
Median	32.0	16.4	58,635
Lower Quartile	20.1	9.1	30,348

(1) Data for market capitalization, revenues and number of employees are sourced from Thomson Reuters.

(2) Market capitalization and revenues are in CHF millions.

(3) Market capitalization is averaged over a period of three months (June 20, 2022, until September 20, 2022).

(4) All currencies have been converted to CHF, where needed, applying full-year average currency exchange rates based on the period from July 1, 2021, to June 30, 2022.

(5) Revenues and number of employees as per last financial year prior to October 2022.

(6) Number of employees in full-time equivalent (FTE) unless FTE information was not available, then in total number of employees.

Compensation elements

Exhibit 3 in the section “Compensation at a glance” sets out the purpose and link to strategy, the operation, the opportunity level and the performance measures. This section provides further details for each compensation element.

Fixed compensation – base salary and benefits

Purpose and link to strategy

Facilitate the attraction and retention of talented EC members; base salary compensates for the role and relevant experience; benefits protect against risks.

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.

Opportunity levels

Base salary is set with reference to the scope of responsibilities, personal experience and skills, and competitive market data.

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.

Performance measures and weighting

Base salary is adjusted considering the factors set out under opportunity levels above, the executive’s performance as well as their future potential.

Variable compensation – Annual Incentive Plan (AIP)

Purpose and link to strategy

The AIP is designed to reward EC members for the Group’s results, the results of their business area or corporate function and their individual performance over a time horizon of one year and is aligned with the Annual Performance Plan approved by the Board.

Opportunity levels

The AIP opportunity levels for the EC are 100 percent of base salary at target with a maximum opportunity of 150 percent.

Performance measures and weighting

The AIP structure is designed to incentivize operational delivery and underpin our performance culture. As such, it is focused on key priorities, with a maximum of five measures.

- A common Group financial measure with a 20 to 40 percent weighting.
- Up to three Group or business area financial measures, with a 40 to 60 percent weighting.
- An individual measure with a 20 percent weighting. This individual component is informed by up to three goals which may include a combination of quantitative and qualitative goals.
 - From 2022, at least two of these goals relate to sustainability.
 - The outcome against this individual measure is a discretionary judgment based on the combined performance against all individual goals.

A summary of the composition and total weighting of the measures for all EC members is set out in Exhibit 18.

Exhibit 18: Composition and weighting of AIP measures for EC members		
	CEO and corporate officers⁽¹⁾	Business area presidents
Common Group financial measure	40%	20%
Other Group financial measures	Up to three measures 40%	n.a.
Business area financial measures	n.a.	Up to three measures 60%
Individual measure	Includes up to three goals (minimum two must relate to sustainability) 20%	Includes up to three goals (minimum two relate to sustainability) 20%
Total	100%	100%

(1) Corporate officers include Chief Financial Officer, Chief Human Resources Officer, General Counsel and Chief Communications and Sustainability Officer.

Other design features

A target will be set for each performance measure, corresponding to the expected level of performance that will generate a target (100 percent) award. For each measure except the individual 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), will also be defined.

The payment conditions for financial AIP measures are summarized in Exhibit 19. 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 19: Payment conditions for the AIP of EC members				
Level of performance	Below threshold	Threshold	Target	Maximum
Award achievement per financial 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.

From 2024, AIP awards of EC members are subject to malus and clawback rules, 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 unpaid short-term incentive compensation (malus) to EC members or may seek to recover short-term incentive compensation that has been settled in the past (clawback) to EC members. Clawback applies for a period of up to three years following the date that any AIP award was paid.

Variable compensation – Long-Term Incentive Plan (LTIP)

Purpose and link to strategy

Rewards the achievement of predefined performance targets over a three-year period. Encourages the creation of long-term, sustainable shareholder value creation and is aligned with the Company's Long-Term Performance Plan approved by the Board.

Opportunity levels

The LTIP is offered in the form of Performance Share Unit (PSU) grants to approximately 100 executives at ABB. The LTIP described in this Compensation Report represents the PSU plan and as such is applicable to EC members. In addition, ABB offers another LTIP in the form of Restricted Share Unit (RSU) grants to approximately 700 employees below the executive level.

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 per the policy change announced in our 2021 Compensation Report, the annual target and maximum opportunity levels for EC members appointed from 2023 are 150 percent and 300 percent of annual base salary, respectively.

The annual LTIP opportunity levels for EC members appointed prior to 2022 are 100 percent of base salary at target, with a maximum opportunity of 200 percent of base salary.

The Board has the discretionary option to make no grants in certain circumstances.

The relative opportunity level offered under ABB's LTIP is the same for permanent full-time and permanent part-time employees.

Performance measures and weighting

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 the Company's 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, Danaher, Eaton, Emerson Electric, General Electric, Holcim, Honeywell Intl., Legrand, Mitsubishi Electric, Raytheon Technologies, Rockwell, Rolls-Royce, Schneider Electric, Siemens, and Yokogawa.
- 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 determine, 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 2030 sustainability strategy 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.

Other design features

The number of shares to be granted is determined by dividing the grant value by the average 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 20. 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 20: Vesting schedule for the LTIP of EC members				
Level of performance	Below threshold	Threshold*	Target	Maximum
Award achievement per measure	0%	>0%	100%	200%

* For the TSR measure, the threshold point equals the target point.

As of the 2023 LTIP offering, 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, and beginning with grants made conditionally in 2020, an automatic sell-to-cover is in place for employees who are subject to withholding taxes.

LTIP shares are subject to malus and clawback rules, 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 incentive compensation (malus), or may seek to recover long-term incentive compensation that has been settled in the past (clawback). Clawback 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).

For LTIP grants from 2021, there is no automatic accelerated vesting of awards in the event of a change of control.

For LTIP grants from 2022, 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

Purpose and link to strategy

To align EC members’ personal wealth directly with the interests of shareholders to maintain focus on the long-term success of the Company.

Share ownership program

EC members are normally required to retain all shares vested from the Company’s LTIP and any other share-based compensation until their share ownership requirement is met. In circumstances where there is a withholding tax obligation, the number of shares received will be considered to 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 “Compensation 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.

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

Overview

EC members received aggregate total compensation of CHF 40.6 million in 2023, compared with CHF 36.0 million in 2022, as summarized in Exhibit 21 below and presented in detail in Exhibits 41 and 42.

At the 2022 AGM, the shareholders approved a maximum aggregate compensation amount of CHF 45.9 million for the EC for 2023. The 2023 EC total compensation of CHF 40.6 million is therefore within the approved amount (see Exhibit 21).

	Calendar year	
	2023	2022
Base salaries	8,430,879	8,341,720
Pension benefits	4,341,781	4,334,281
Other benefits ⁽²⁾	6,041,342	4,894,480
Total fixed compensation	18,814,002	17,570,481
Short-term incentives ⁽³⁾	12,088,564	9,879,882
Long-term incentives (fair value at grant) ⁽⁴⁾	9,739,902	8,557,683
Total variable compensation	21,828,466	18,437,565
Total compensation	40,642,468	36,008,046
Maximum aggregate compensation approved at previous AGM	45,900,000	40,000,000

- (1) 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" below. An overview of 2023 realized compensation by individual is provided in Exhibit 48 in the same section.
- (2) Other benefits mainly comprise payments related to social security, health insurance, children's education, transportation, tax advice and certain other items.
- (3) Represents accrued short-term variable compensation for the year 2023, which will be paid in 2024, 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.
- (4) The disclosure of the number of shares granted under the LTIP in 2022 for Sami Atiya has been corrected from the amount previously disclosed in the 2022 Compensation Report. As a result, the grant fair value has been reduced accordingly.

The total compensation for the EC in 2023 increased by 12.9 percent compared to 2022. This mainly reflects the impact of the strong performance achieved in the year and the consequent higher variable incentives from both the 2023 AIP awards and the 2023 LTIP grant fair value, as well as the higher costs relating to the 2020 LTIP, which vested in 2023.

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.

Exhibit 5 in the section "Compensation at a glance" shows the composition of the total annual compensation in 2023 for the CEO and for the other current EC members on an aggregate level, specifying the split of its five compensation components.

The variable portion of the total compensation in 2023 remains broadly the same as in the prior year. In 2023, the variable compensation of the CEO was 55 percent of his total annual compensation (previous year: 56 percent). For the other EC members, the variable compensation was 52 percent on average (previous year: 51 percent).

Note that compensation paid in 2023 for former EC members is not included in Exhibit 5. This can be found in Exhibit 41.

Compensation elements – 2023 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 two of the nine EC members in place in March 2023. The base salary of Peter Terwiesch was increased by 3.6 percent to CHF 860,000 and of Morten Wierod by 8.3 percent to CHF 975,000. These salary changes were made to reward exceptional performance of these EC members and, in the case of Morten Wierod, to also reflect a broadening of responsibilities.

Considering that the other seven EC members in place in March 2023 had no salary adjustments, this corresponded to a 1.3 percent increase on annual base salaries for the EC members post March 2023.

Annual Incentive Plan (AIP) – design

Under the 2023 AIP, all EC members had two Group measures, Group Operational EBITA margin with a 20 to 40 percent weighting and Group Operational revenue gross profit productivity growth with a weighting of 10 percent.

In addition to these two Group measures, the CEO and the corporate officers shared other Group measures, including Revenues and Free Cash Flow, with a total weighting of 30 percent.

All business area presidents had, in addition to the two Group measures, two measures which were tailored to business imperatives, with a total weighting of 50 percent. These tailored measures were Operational EBITA margin, Operational Free Cash Flow and Net working capital (13 months % avg).

Exhibit 22 below shows the composition and weighting of the financial measures applied in 2023 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 23.

Exhibit 22: Composition and weighting of 2023 AIP measures for EC members

	Focus of measure	CEO and corporate officers ⁽¹⁾	President Electrification	President Motion	President Process Automation	President Robotics & Discrete Automation
Group financial measures	Bottom line earnings	Op EBITA margin 40%	Op EBITA margin 20%	Op EBITA margin 20%	Op EBITA margin 20%	Op EBITA margin 20%
	Bottom line output	Operational revenues gross profit productivity growth 10%	Operational revenues gross profit productivity growth 10%	Operational revenues gross profit productivity growth 10%	Operational revenues gross profit productivity growth 10%	Operational revenues gross profit productivity growth 10%
Other Group financial measures	Cash generation	Free Cash Flow 20%				
	Top line output	Revenues 10%				
Business area financial measures	Bottom line earnings		Op EBITA margin 30%		Op EBITA margin 30%	Op EBITA margin 30%
	Cash generation		Op Free Cash Flow 20%	Op Free Cash Flow 25%		Op Free Cash Flow 20%
	Top line input			Revenues 25%		
	Liquidity and financial health				Net working capital (13 months % avg) 20%	
Individual measure	GHG emissions, Integrity, Female leaders, Safety, Internal controls	Function-specific 20%				
	GHG emissions, Safety, Integrity		Business-specific 20%	Business-specific 20%	Business-specific 20%	Business-specific 20%
Total		100%	100%	100%	100%	100%

(1) Corporate officers include Chief Financial Officer, Chief Human Resources Officer, General Counsel and Chief Communications and Sustainability Officer.

Exhibit 23: Definition of quantitative measures, applied in 2023

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.
Revenues	Amount of consolidated revenues recognized during the year in accordance with USGAAP.
Free Cash Flow (FCF) ⁽¹⁾	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.
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.
Operational Free Cash Flow (OFCF)	Cash flows from operating activities excluding cash paid for interest and taxes and including (i) purchases of property, plant and equipment and intangible assets, and (ii) proceeds from sales of property, plant and equipment.
Net working capital (13 months % avg)	Average Net working capital ⁽¹⁾ over 13 consecutive month-ends (December 2022 through December 2023), expressed as a percentage of Operational revenues ⁽¹⁾ . Calculated using constant exchange rates.

(1) Full definition can be found in the section "Alternative performance measures" in ABB's Integrated Report 2023.

All EC members also had an individual measure with a 20 percent weighting. This individual component was informed by a combination of up to three quantitative and qualitative goals. In 2023, all three goals related to sustainability. All EC members had an environmental goal (GHG emissions reduction) and an integrity goal designed to help deliver the Deferred Prosecution Agreement in line with our commitments to the US Department of Justice. In addition, most of the EC members had a social goal, which for the CEO and business area presidents was related to safety, and for most of the corporate officers was related to an increase in the proportion of women in senior management roles (female leaders), while the CFO had a governance goal related to internal controls.

The outcome against the individual measure was based on a discretionary judgment of the combined performance against all three goals. Outcomes may be subject to appropriate adjustments for some non-operational items and other adjustment principles agreed with the Board. No adjustments were applied in 2023.

2023 Annual Incentive Plan (AIP) – achievements

The 2023 AIP achievements are summarized in Exhibit 24 for the CEO and the corporate officers, and business area presidents, respectively. Individual AIP outcomes per EC member in comparison to their target 2023 AIP are set out in Exhibit 25.

Exhibit 24: 2023 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%)
Group financial measures 50%	Group Op EBITA margin 40%			150%
	Op revenues gross profit productivity growth 10%			150%
Other Group financial measures 30%	Free Cash Flow 20%			150%
	Revenues 10%			150%
Individual measure 20%	GHG emissions, Integrity, Female leaders, Safety, Internal controls 20%			100%-150%

2023 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%)
Group financial measures 30%	Group Op EBITA margin 20%			150%
	Op revenues gross profit productivity growth 10%			150%
Business area financial measures 50%	Op EBITA margin 30%			150%
	Op Free Cash Flow 20-25%			0%-150%
	Revenues 25%			150%
	Op Average Net working capital, over consecutive 13 months 20%		101%	
Individual Measure 20%	GHG emissions, Safety, Integrity 20%			135%-150%

● = Actual achievement (dot) or range of Actual achievements (line between minimum and maximum dot)
 ● = Median achievement for the applicable range

Exhibit 25: Overview of targeted and realized 2023 AIP values

	Group measures			Other Group measures			Business area measures			Individual measure ⁽¹⁾			Total AIP outcome percentage (in % of target)	Target AIP award (in CHF)	Actual AIP award (in CHF) ⁽²⁾
	Achievement	Weighting	Outcome	Achievement	Weighting	Outcome	Achievement	Weighting	Outcome	Achievement	Weighting	Outcome			
Björn Rosengren	150.0%	50%	75.0%	150.0%	30.0%	45.0%	n.a.	n.a.	n.a.	145.0%	20%	29.0%	149.0%	1,785,000	2,659,650
Timo Ihamuotila	150.0%	50%	75.0%	150.0%	30.0%	45.0%	n.a.	n.a.	n.a.	100.0%	20%	20.0%	140.0%	990,000	1,386,000
Carolina Granat	150.0%	50%	75.0%	150.0%	30.0%	45.0%	n.a.	n.a.	n.a.	150.0%	20%	30.0%	150.0%	725,000	1,087,500
Karin Lepasoon	150.0%	50%	75.0%	150.0%	30.0%	45.0%	n.a.	n.a.	n.a.	150.0%	20%	30.0%	150.0%	600,000	900,000
Sami Atiya	150.0%	30%	45.0%	n.a.	n.a.	n.a.	90.0%	50%	45.0%	150.0%	20%	30.0%	120.0%	800,000	960,000
Tarak Mehta	150.0%	30%	45.0%	n.a.	n.a.	n.a.	150.0%	50%	75.0%	150.0%	20%	30.0%	150.0%	930,000	1,395,000
Peter Terwiesch	150.0%	30%	45.0%	n.a.	n.a.	n.a.	130.2%	50%	65.1%	135.0%	20%	27.0%	137.1%	860,000	1,179,060
Morten Wierod	150.0%	30%	45.0%	n.a.	n.a.	n.a.	150.0%	50%	75.0%	150.0%	20%	30.0%	150.0%	975,000	1,462,500
Total														7,665,000	11,029,710

(1) Includes, where appropriate, a reduction for a recorded fatality.

(2) Represents accrued AIP award for the year 2023, which will be paid in 2024, after the publication of ABB's financial results.

CEO retrospective AIP target disclosure

The following Exhibit 26 sets out target and award points for each measure under the CEO's 2023 AIP and its related composition of the final award level. This new exhibit is in response to shareholder feedback and represents a relevant additional level of transparency on the alignment between pay and performance.

Exhibit 26: 2023 AIP outcomes for the CEO (rounded)⁽¹⁾

Category	Performance measure	Weight	Target (100% award)	Actual	Award (% of target)	Weighted award
Group measures	Op EBITA margin (%)	40%	15.2	16.7	150.0%	60.0%
	Op revenues gross profit productivity growth (%)	10%	6.4	17.9	150.0%	15.0%
Other Group measures	Free Cash Flow (\$ in millions)	20%	2,353.0	3,569.7	150.0%	30.0%
	Revenues (\$ in millions)	10%	29,939.1	31,533.9	150.0%	15.0%
Individual measure	GHG emissions, Safety, Integrity	20%	See ⁽²⁾	See ⁽²⁾	145.0%	29.0%
Total						149.0%

(1) The computation of targets as well as the measurement of actual performance against those targets are based on 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 the Consolidated Financial Statements

(2) The achievement of the individual measure is discretionary assessed by the Compensation Committee and approved by the Board, based on an overall outcome of all three performance goals under the individual measure. For 2023 these included a reduction of GHG emissions compared to the 2022 baseline, a reduction of the Lost Time Injury Frequency Rate (LTIFR) compared to the 2019 baseline, and the delivery of the Deferred Prosecution Agreement in line with our commitments to the US Department of Justice. See Exhibit 27 for the achievement of goals against the individual measure. Includes a discretionary reduction for a recorded fatality.

Exhibit 27 sets out the target, actual and assessed outcome of the individual goals for the CEO which inform the individual measure. The overall outcome of the individual measure is a discretionary judgement based on performance against all three goals.

Exhibit 27: Achievement against the 2023 performance goals under the individual measure for the CEO

Goal	Performance measure	Target	Actual	Assessment
GHG emissions	Emissions reduction vs 2022 baseline ⁽¹⁾	11.9%	29.0%	Exceeded target
Safety	Lost Time Injury Frequency Rate ⁽²⁾	0.17	0.13	Lower (better) than target
Integrity	Deliver DPA in line with our commitments to the DOJ ⁽³⁾	Discretionary assessment by the Board	Discretionary assessment by the Board	Exceeded goal
			Total	145.0%

(1) ABB's GHG emissions include direct emissions (scope 1) from burning of fuels (oil, diesel, gas) at our sites; SF6 emissions in own operations; fleet emissions and indirect emissions (scope 2) from our use of electricity and district heating/cooling.

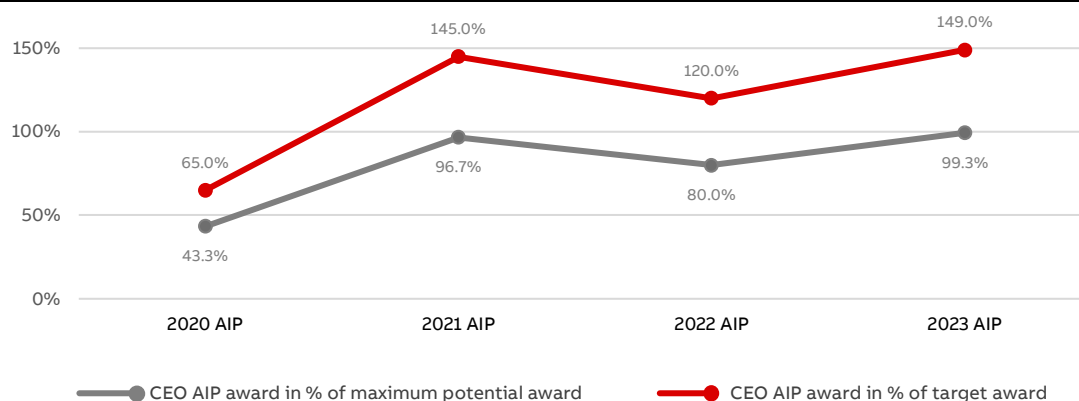
(2) Lost Time Injury Frequency Rate (LTIFR) covers workplace incidents (ABB facility, project site, customer site) to ABB employees and contractors; LTIFR formula = number of lost time incidents and serious injury incidents with time lost * 200,000 / work hours (employees + contractors). Rate per 200,000 work hours (equivalent to 100 persons working one calendar year). Managers with direct reports are required to complete a minimum of two Safety Observation Tours (SOT) before an award is made under LTIFR. The baseline is represented by the 2019 LTIFR. Includes, where appropriate, a discretionary reduction for a recorded fatality,

(3) Contribution to the delivery of our commitments under the Deferred Prosecution Agreement with the US Department of Justice related to the Kusile project.

CEO AIP outcomes in the last four years

The historical AIP award outcomes since Björn Rosengren has been ABB's CEO are shown in Exhibit 28.

Over the last four years vesting has averaged at 119.8 percent of target and 79.8 percent of the maximum award.

Exhibit 28: CEO AIP historical award percentages**Long-Term Incentive (LTIP)****2023 LTIP grants**

The estimated value at grant of the share-based grants to EC members under the 2023 LTIP was CHF 8.7 million, compared with CHF 8.6 million in 2022.

The reference price for the 2023 LTIP grant used to determine the number of shares granted to participants was CHF 31.24.

The 2023 LTIP is based on three performance measures: ABB's EPS, ABB's TSR and a sustainability measure.

Targets and award points under the EPS measure are considered as commercially sensitive information and will only be disclosed retrospectively after the end of the relevant LTIP performance period.

As in the previous year, ABB kept the achievement of the EPS threshold point challenging for the 2023 LTIP by applying a range between the EPS target and award points of plus/minus 11.5 percent of target, to reflect the perceived EPS volatility during the performance period.

The peer companies approved by the Board to determine ABB's relative TSR performance for the 2023 LTIP were as set out in the previous section "Executive Committee compensation policy" on page 23.

The sustainability measure applied to the 2022 LTIP was also applied in the 2023 LTIP, namely the scope 1 and 2 GHG emissions reduction at the end of the three-year performance period (2023–2025), compared to the 2019 baseline, which was defined without the divested Power Grids business. The targets and award points under the 2023 LTIP have been structured to reflect ABB's 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 ABB's [Sustainability Report 2023](#).

The approved target and award points for all three performance measures under the 2023 LTIP are illustrated in Exhibit 29 below.

Exhibit 29: 2023 LTIP target and award points				
Measure	Weighting	Threshold	Target	Maximum
Average EPS	50%	Target point -11.5%	Disclosed after performance period	Target point +11.5%
Relative TSR	30%	50th percentile		75th percentile
Reduction of scope 1 and 2 CO ₂ equivalent emissions compared to 2019 baseline	20%	75.0%	77.5%	80.0%

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;

The average EPS target is not prospectively disclosed for reasons of commercial sensitivity.

2024 LTIP grants

The sustainability measure applied to the 2022 LTIP and 2023 LTIP will also be applied in the 2024 LTIP, namely the scope 1 and 2 GHG emissions reduction at the end of the three-year performance period (2024-2026), compared to the 2019 baseline. Details of the long-term GHG emissions reduction targets can be found in ABB's [Sustainability Report 2023](#).

The target and award points, as described in Exhibit 30, have been structured to reflect ABB's progress to date, its long-term ambitions, and that as the targets get higher, the overall stretch to achieve them becomes more challenging.

- The threshold value of 77.0 percent emissions reduction versus the 2019 baseline is significantly above the mid-term target of 70 percent.
- The target value of 81.0 percent is in line with ABB's long-term forecast for 2025.
- The maximum value of 85.0 percent is in line with our 2030 Sustainability Strategy target. If it is achieved in 2025, it would mean we have delivered our target five years ahead of our commitment.

Exhibit 30: Sustainability target and award points for the 2024 LTIP				
Measure	Weighting	Threshold	Target	Maximum
Reduction of scope 1 and 2 CO ₂ equivalent emissions compared to 2019 baseline	20%	77.0%	81.0%	85.0%

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.

2020 LTIP – achievements

The final number of shares vesting under the 2020 LTIP grant in 2023 was determined based on the achievement level against the predefined TSR and EPS targets.

The relative ranking of ABB's TSR measure against the predefined peer group of companies for the 2020 LTIP sat on the 83rd percentile, which led to a vesting level of 200.0 percent (previous year: 200.0 percent) out of a potential of 200 percent.

The three-year average EPS amounted to \$1.14, which led to a vesting level of 179.0 percent (previous year: 42.0 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 2020 LTIP. Adjustments were made to the EPS for each of the relevant financial years to reflect significant unplanned developments after the LTIP grant, including for the impact of divestments, M&A related integration costs and restructuring costs.

In line with our commitment to retrospectively disclose the EPS performance targets for vested LTIP awards, the three target and award points (threshold, target and maximum) and the actual achievement for the adjusted 2020 EPS performance measure are shown in Exhibit 31 below.

The average weighted achievement level of the two performance measures under the 2020 LTIP was 189.5 percent (out of a maximum 200 percent), as specified in Exhibit 31.

Exhibit 31: Target and award points and achievement levels of 2020 LTIP performance measures					
Measure	Weighting	Threshold	Target	Maximum	Actual
Relative TSR	50%	25 th percentile	50 th percentile	75 th percentile	83 rd percentile
Achievement level		0%	100%	200%	200.0%
Average EPS (\$)	50%	0.84	1.01	1.18	1.14
Achievement level		0%	100%	200%	179.0%
Award as percentage of target (maximum at 200%)					189.5%

Overview of disclosed and realized 2020 LTIP value

The following table compares the previously disclosed “fair value” of the grant to each EC member and the actual value of the grant at the time of vesting. The following Exhibit 32 shows such comparison for the 2020 LTIP, that vested in 2023.

Exhibit 32: Realized value of 2020 LTIP grant for current EC members									
	Grant date	Number of shares granted related to the TSR measure⁽¹⁾	Shares granted related to the EPS measure⁽²⁾	Total number of shares granted⁽³⁾	Disclosed grant fair value (CHF)⁽³⁾	Vesting date	Vesting percentage	Number of vested shares⁽⁴⁾	Realized value (CHF)⁽⁵⁾
Björn Rosengren	April 27, 2020	65,858	65,857	131,715	1,970,457	April 27, 2023	189.5%	258,837	8,347,494
Timo Ihamuotila	April 27, 2020	24,536	24,535	49,071	734,103	April 27, 2023	189.5%	96,431	3,109,900
Carolina Granat	n.a.					n.a.			
Karin Lepasoon	n.a.					n.a.			
Sami Atiya	April 27, 2020	20,662	20,661	41,323	618,193	April 27, 2023	189.5%	81,205	2,618,862
Tarak Mehta	April 27, 2020	23,244	23,244	46,488	695,462	April 27, 2023	189.5%	91,357	2,946,264
Peter Terwiesch	April 27, 2020	20,662	20,661	41,323	618,193	April 27, 2023	189.5%	81,205	2,618,862
Morten Wierod	April 27, 2020	19,370	19,370	38,740	579,552	April 27, 2023	189.5%	76,130	2,455,193
Total					5,215,960				22,096,575

(1) Actual achievement level of the TSR measure was 200.0 percent.

(2) Actual achievement level of the EPS measure was 179.0 percent.

(3) Valued at CHF 14.96, the grant fair value of the ABB share on the grant date adjusted for expected foregone dividends during the vesting period.

(4) The initial granted number of shares has been increased by 3.7 percent to reflect the impact of the Accelleron spin-off in 2022.

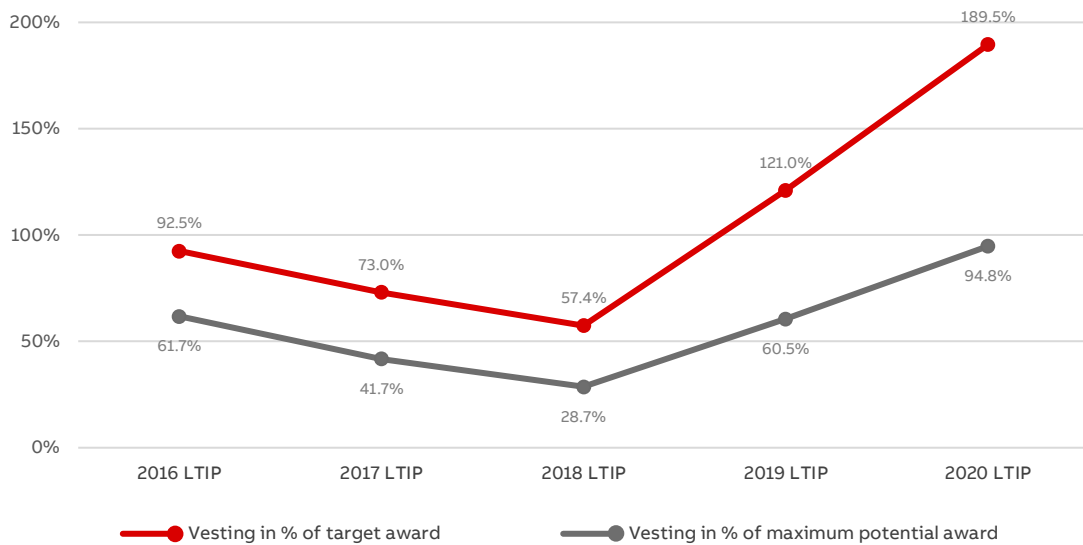
(5) Valued at CHF 32.25, the closing price of the ABB share on the day of vesting.

The values presented are gross and before payment of any applicable taxes owing by the recipient. This indicates the average gross realized LTIP value was 423.6 percent of the disclosed grant fair value.

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 vesting has averaged at 106.7 percent of target and 57.5 percent of the maximum award.

Exhibit 33: LTIP historical actual vesting percentages⁽¹⁾



(1) According to plan-specific relative weighting of relevant performance measures.

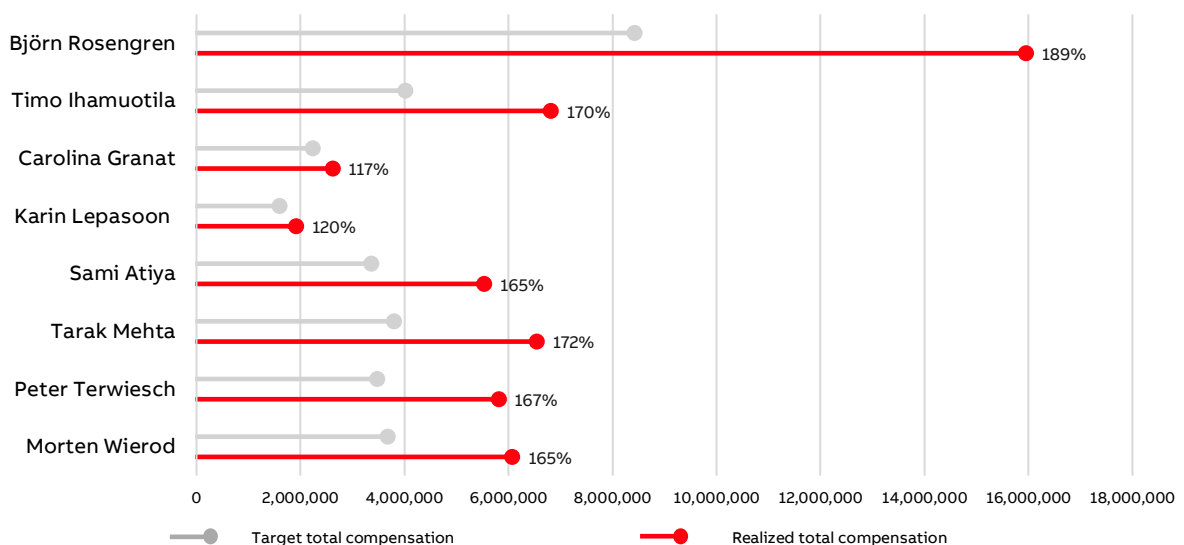
Realized total compensation – 2023

We disclose the realized total compensation for each EC member. Such transparency on realized compensation is designed to aid 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 actual payment and settlement, based on achievements of the plan specific performance measures.

The following Exhibit 34 sets out a high-level comparison of realized and target total compensation for each EC member. A detailed summary table is given in Exhibit 48 in the section “Compensation tables and share ownership tables”.

Exhibit 34: Realized 2023 total compensation (in CHF) compared to target total compensation



Annual total compensation ratio

This new section is in response to shareholder feedback and represents a relevant additional level of pay transparency in the Report. It provides details of the ratio of the annual total compensation for the organization's highest-paid individual (our CEO) to the median annual total compensation for all permanent ABB employees in Switzerland (excluding the highest-paid individual).

We consider Switzerland to be the most relevant location for analyzing the annual total compensation ratio since our CEO is also located in Switzerland. This approach also mitigates employee footprint and currency volatility. In any event, ABB's data access does not currently allow for the inclusion of all relevant compensation elements of all ABB employees in all countries in which we operate.

At the time of publication of the Report, the allocation of annual short-term incentive awards to eligible employees in Switzerland for 2023 has not been concluded. We therefore report the ratio for the year 2022, for which we know relevant short-term incentive awards.

The calculated ratio comprises paid base salary, paid short-term incentive, paid pension benefits, paid other benefits and granted long-term incentive as compensation elements. The short-term incentive represents the bonus paid in 2023 (for the year 2022), and the long-term incentive represents the grant fair value, in line with the disclosure for the 2022 CEO compensation in this report.

The analysis excludes non-permanent employees (i.e., interns, apprentices, trainees, temporary workers) or international assignees, but includes part-time employees if they were employed at December 31, 2022. Compensation elements of part-time employees and new hires during the year 2022 are extrapolated to represent full-time equivalent and full year equivalent figures.

Values of granted long-term incentive, pension benefits and other benefits are considered for the employee with the median total cash compensation, comprising of annual base salary and 2022 short-term incentive award.

As disclosed in our Compensation Report 2022, the CEO's total compensation for 2022 was CHF 8,074,656. Based on the same compensation elements as stated above for the CEO, the median 2022 total compensation for employees in Switzerland was CHF 161,280. The resulting **median ratio** is 50.1.

If the ratio would consider the CEO's annual total compensation to the average annual total compensation for all permanent ABB employees in Switzerland (excluding the CEO), rather than the median, the resulting **average ratio** is 45.5.

Other compensation – 2023

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 employees around the world. Five members of the EC participated in the 20th annual ESAP launch of the plan in 2023. EC members who participated will, upon vesting, each be entitled to acquire up to 330 ABB shares at CHF 30.49 per share, the market share price at the start of the 2023 launch.

For a more detailed description of the ESAP, please refer to "Note 18 – Share-based payment arrangements" in our Consolidated Financial Statements.

In 2023, 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 Compensation Report. Except as disclosed in the section "Executive Committee – Business relationships between ABB and its EC members" in ABB's [Corporate Governance Report 2023](#), the Company did not pay any additional fees or compensation in 2023 to persons closely linked to a member of the EC for services rendered to ABB.

Share ownership of EC members

Six out of eight EC members have met and exceeded their share ownership requirement. The other two members have been appointed to the EC in the last three years. The individual shareholding in comparison to the relevant share ownership requirement is shown in Exhibit 9 in the section “Compensation at a glance”.

The EC members collectively owned less than one percent of ABB’s total shares outstanding at December 31, 2023.

At December 31, 2023, EC members held ABB shares and conditional rights to receive shares, as shown in Exhibit 46 in the section “Compensation tables and share ownership tables” below. Their holdings at December 31, 2022, are shown in Exhibit 47 in the same section.

Except as described in Exhibits 46 and 47, 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 at December 31, 2023 and 2022.

External Board mandates held by EC members

Four out of eight EC members held at least one external mandate in other companies. Detailed information can be found in Exhibit 43 in the section “Compensation tables and share ownership tables”.

Changes applicable to EC members

Terms of appointment for new EC members

The new General Counsel and Company Secretary, Mathias Gärtner, will be appointed in 2024, with an annual base salary of CHF 800,000, 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. Mathias Gärtner is eligible for standard EC benefits.

He will receive a replacement share grant to compensate for his forgone equity grants with his previous employer. The value of forfeited performance share units and options grants will be replaced with an ABB performance share unit grant and the value of forfeited restricted share unit grants will be replaced with an ABB restricted share unit grant.

Terms of departure for EC members

The previous General Counsel and Company Secretary, Andrea Antonelli, stepped down from the EC as per May 31, 2023, and will depart from ABB on June 30, 2024, reflecting his contractual notice period of 12 months plus extension of such period by one month due to illness. He is entitled to receive compensation and benefits up to the point of his departure. This includes a contractually agreed pro-rata short-term incentive payment of CHF 283,300 for the period January 1 to June 30, 2024. His unvested shares granted under the 2022 and 2023 LTIP will be treated according to contractual terms.

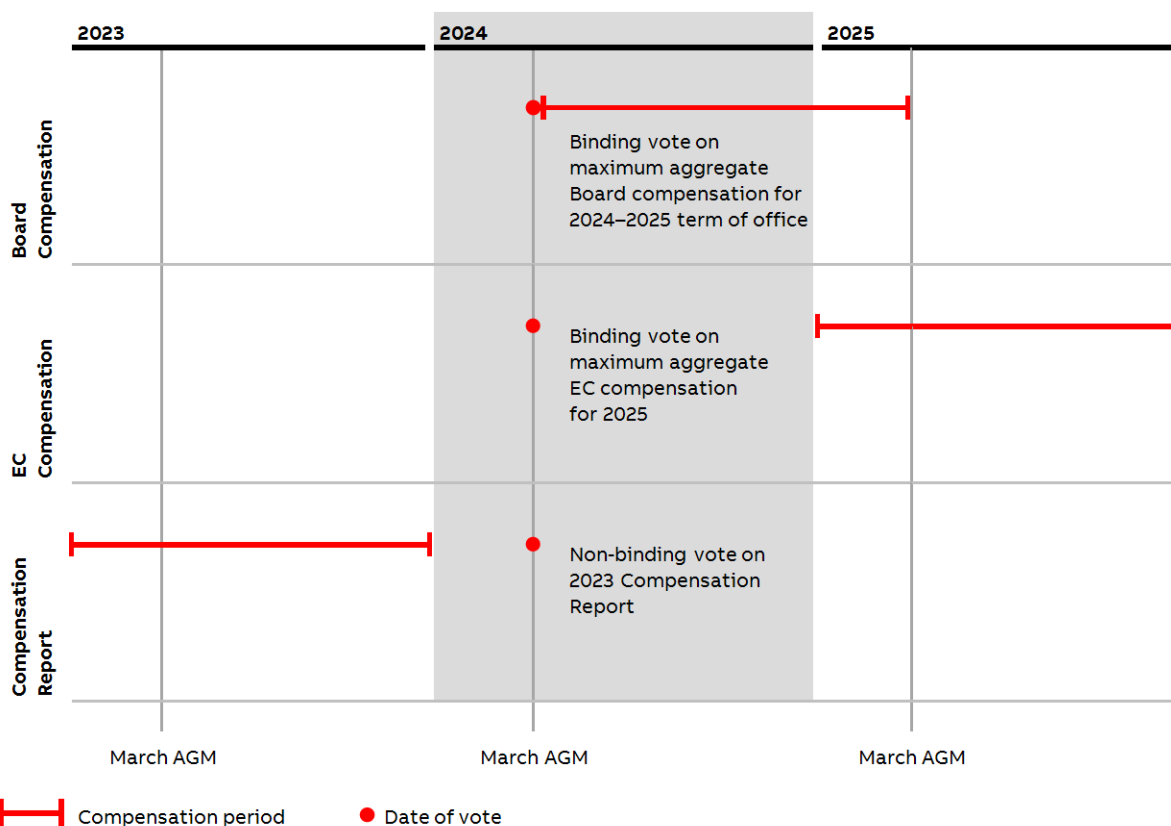
Compensation of former EC members

In 2023, certain former EC members received contractual compensation for the period after leaving the EC, as shown in Exhibit 41, footnote (5).

Votes on compensation at the 2024 AGM

As illustrated in Exhibit 35, the Board's proposals to shareholders at the 2024 AGM will relate to Board compensation for the 2024–2025 term of office and EC compensation for the calendar year 2025. There will also be a non-binding consultative vote on the Compensation Report 2023.

Exhibit 35: Shareholders will have three separate votes on compensation at the 2024 AGM



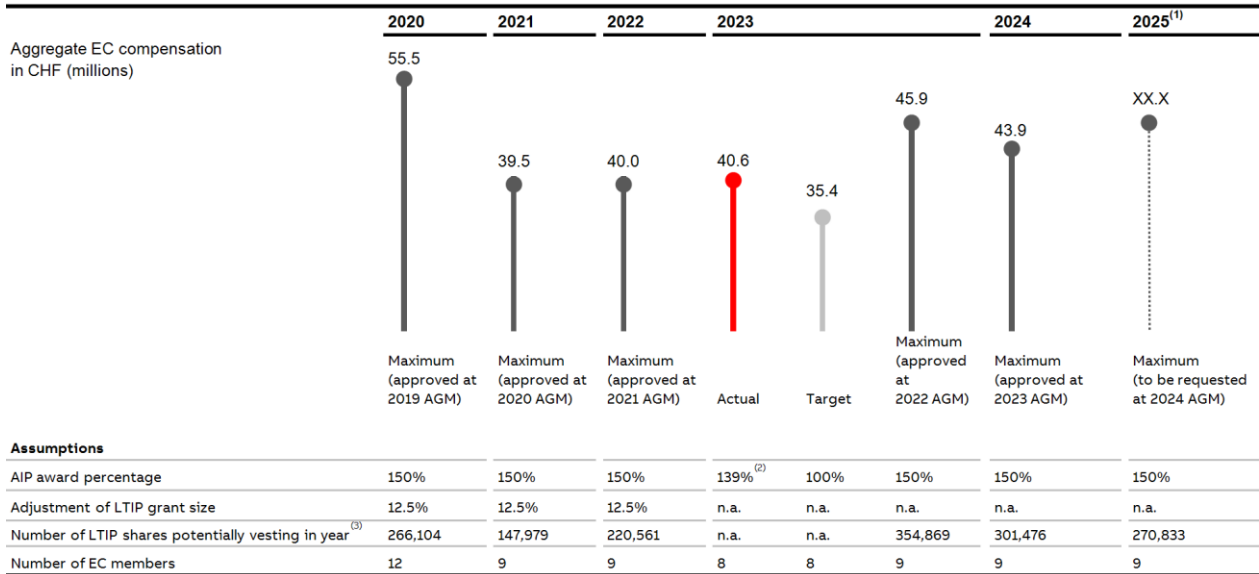
The voting results at ABB's AGM in 2023 were as follows:

- Maximum aggregate Board compensation for the 2023–2024 term of office – 97.94 percent approved
- Maximum aggregate EC compensation for 2024 – 93.73 percent approved
- Consultative vote on the Compensation Report 2022 – 91.46 percent voted for

In determining the proposed maximum aggregate EC compensation for 2025, the Board intends to take into consideration the criteria set forth in Exhibit 36. 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 increase in maximum aggregate EC compensation for 2025 compared to 2024 is mainly influenced by the application of the adjusted, more performance-oriented compensation mix for EC entrants and the anticipated costs related to the vesting of 2022 LTIP awards.

Exhibit 36: Overview of key factors affecting the determination of maximum aggregate EC compensation



(1) Figure will be provided in the AGM invitation.

(2) Outcome without the allocation of former EC members, but including previous General Counsel & Company Secretary and previous Chief Communications & Sustainability Officer. For a full description, see previous section "Compensation elements – 2023 highlights".

(3) For example, 270,833 LTIP shares were granted to the EC in 2022, that potentially vest in 2025 subject to performance conditions. While 270,833 shares represent the target vesting award, the actual number of awarded shares can be 0–200 percent of target.

Compensation tables and share ownership tables

Exhibit 37: Board compensation in 2023 and 2022 (audited)

Name	Paid in 2023					Paid in 2022				
	November Board term 2023–2024		May Board term 2022–2023		Total compensation paid in 2023 ⁽³⁾	November Board term 2022–2023		May Board term 2021–2022		Total compensation paid in 2022 ⁽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⁾		Settled in cash ⁽¹⁾	Settled in shares – number of shares received ⁽²⁾	Settled in cash ⁽¹⁾	Settled in shares – number of shares received ⁽²⁾	
CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	
Peter Voser, Chairman ⁽⁴⁾	—	17,462	—	18,607	1,200,000	—	21,565	—	18,296	1,200,000
Jacob Wallenberg ⁽⁵⁾	112,500	2,624	112,500	2,796	450,000	112,500	3,257	112,500	2,763	450,000
Gunnar Brock ⁽⁶⁾	82,500	1,924	82,500	2,048	330,000	82,500	2,388	82,500	2,026	330,000
David Constable ⁽⁷⁾	80,000	1,866	80,000	1,988	320,000	80,000	2,316	80,000	1,964	320,000
Frederico Curado ⁽⁸⁾	—	3,876	—	4,130	350,000	—	4,799	—	4,075	350,000
Lars Förberg ⁽⁹⁾	—	4,628	—	4,945	320,000	—	5,736	—	4,870	320,000
Denise Johnson ⁽¹⁰⁾	—	3,929	—	—	165,000	—	—	—	—	—
Jennifer Xin-Zhe Li ⁽¹¹⁾	87,500	1,890	87,500	2,018	350,000	87,500	2,338	87,500	1,986	350,000
Geraldine Matchett ⁽¹²⁾	82,500	2,376	82,500	2,683	330,000	82,500	3,121	82,500	2,647	330,000
David Meline ⁽¹³⁾	100,000	2,332	100,000	2,485	400,000	100,000	2,895	100,000	2,456	400,000
Satish Pai ⁽¹⁴⁾	—	—	—	3,341	165,000	—	4,523	82,500	1,872	330,000
Total	545,000	42,907	545,000	45,041	4,380,000	545,000	52,938	627,500	42,955	4,380,000

(1) Represents gross amounts paid, prior to deductions for social security, withholding tax, etc.

(2) Number of shares per Board member is calculated based on net amount due after deductions for social security, withholding tax, etc.

(3) In addition to the Board remuneration stated in the above table, in 2023 and 2022 the Company paid CHF 235,498 and CHF 248,489, respectively, in related mandatory social security payments.

(4) Chairman of the ABB Ltd Board and of the Governance and Nomination Committee for the 2021–2022, 2022–2023 and 2023–2024 Board terms; is receiving 100 percent of his compensation in the form of ABB shares.

(5) Vice-Chairman of the ABB Ltd Board and member of the Governance and Nomination Committee for the 2021–2022, 2022–2023 and 2023–2024 Board terms; is receiving 50 percent of his compensation in the form of ABB shares.

(6) Member of the Finance, Audit and Compliance Committee for the 2021–2022, 2022–2023 and 2023–2024 Board terms; is receiving 50 percent of his compensation in the form of ABB shares.

(7) Member of the Compensation Committee for the 2021–2022, 2022–2023 and 2023–2024 Board terms; is receiving 50 percent of his compensation in the form of ABB shares.

(8) Chairman of the Compensation Committee for the 2021–2022, 2022–2023 and 2023–2024 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 2021–2022, 2022–2023 and 2023–2024 Board terms; is receiving 100 percent of his compensation in the form of ABB shares.

(10) Member of the Finance, Audit and Compliance Committee for the 2023–2024 Board term; is receiving 100 percent of her compensation in the form of ABB shares.

(11) Member of the Compensation Committee and of the Governance and Nomination Committee for the 2021–2022, 2022–2023 and 2023–2024 Board terms; is receiving 50 percent of her compensation in the form of ABB shares.

(12) Member of the Finance, Audit and Compliance Committee for the 2021–2022, 2022–2023 and 2023–2024 Board terms; is receiving 50 percent of her compensation in the form of ABB shares.

(13) Chairman of the Finance, Audit and Compliance Committee for the 2021–2022, 2022–2023 and 2023–2024 Board terms; is receiving 50 percent of his compensation in the form of ABB shares.

(14) Member of the Finance, Audit and Compliance Committee for the 2021–2022 and 2022–2023 Board terms; received 50 percent of his compensation in the form of ABB shares for the 2021–2022 Board term and 100 percent of his compensation in the form of ABB shares for the 2022–2023 Board term. Did not stand for election in 2023.

Exhibit 38: Board compensation for the Board terms 2023–2024 and 2022–2023 (audited)

Name	Specific Board roles	Board term 2023–2024	Board term 2022–2023
		CHF	CHF
Peter Voser	Chairman of the Board and Chairman GNC for 2023–2024 and 2022–2023 terms	1,200,000	1,200,000
Jacob Wallenberg	Vice-Chairman of the Board and Member GNC for 2023–2024 and 2022–2023 terms	450,000	450,000
Gunnar Brock	Member FACC for 2023–2024 and 2022–2023 terms	330,000	330,000
David Constable	Member CC for 2023–2024 and 2022–2023 terms	320,000	320,000
Frederico Curado	Chairman CC for 2023–2024 and 2022–2023 terms	350,000	350,000
Lars Förberg	Member GNC for 2023–2024 and 2022–2023 terms	320,000	320,000
Denise Johnson	Member FACC for 2023–2024 term	330,000	—
Jennifer Xin-Zhe Li	Member CC and Member GNC for 2023–2024 and 2022–2023 terms	350,000	350,000
Geraldine Matchett	Member FACC for 2023–2024 and 2022–2023 terms	330,000	330,000
David Meline	Chairman FACC for 2023–2024 and 2022–2023 terms	400,000	400,000
Satish Pai	Member FACC for 2022–2023 term	—	330,000
Total		4,380,000	4,380,000

Key:

CC: Compensation Committee

FACC: Finance, Audit and Compliance Committee

GNC: Governance and Nomination Committee

Exhibit 39: Board ownership of ABB shares (audited)

Name	Total number of shares held	
	December 31, 2023	December 31, 2022
Peter Voser	215,876	231,807
Jacob Wallenberg	251,318	245,898
Gunnar Brock	41,785	37,813
David Constable	46,319	42,465
Frederico Curado	57,181	49,175
Lars Förberg	80,095	70,522
Denise Johnson	3,929	—
Jennifer Xin-Zhe Li	45,812	41,904
Geraldine Matchett	36,023	30,964
David Meline ⁽¹⁾	47,948	43,131
Satish Pai	—	34,827
Total	826,286	828,506

(1) Includes 3,150 shares held by the spouse.

Exhibit 40: Board members with external mandates at December 31, 2023 (audited)

Name	Company	Listed company	Chair of the Board	Member of the Board	Chair of a Committee	Member of a Committee	CEO	Member of the EC
Peter Voser	IBM Corporation, Armonk, United States	●		●	●	●		
	Temasek Holdings (Private) Limited, Singapore, Singapore			●	●	●		
	PSA International Pte Ltd, Singapore, Singapore		●					
Jacob Wallenberg	Investor AB, Stockholm, Sweden	●	●		●	●		
	Telefonaktiebolaget L.M. Ericsson AB, Stockholm, Sweden	●		●		●		
	SAS AB, Stockholm, Sweden ⁽¹⁾	●				●		
	FAM AB (Foundation Asset Management), Stockholm, Sweden			●				
	Wallenberg Investments AB, Stockholm, Sweden			●				
	Patricia Industries AB, Stockholm, Sweden			●				
Gunnar Brock	Investor AB, Stockholm, Sweden	●		●		●		
	Neptunia Invest AB, Stockholm, Sweden		●					
	Stena AB, Stockholm, Sweden		●			●		
	Patricia Industries AB, Stockholm, Sweden			●				
David Constable	Fluor Corporation, Irving, United States	●	●		●		●	
Frederico Curado	Transocean Ltd., Zug, Switzerland	●		●	●	●		
	LATAM Airlines Group, Santiago, Chile	●		●	●	●		
Lars Förberg	Cevian Capital AB, Stockholm, Sweden							●
Denise Johnson	Caterpillar Inc., Deerfield, United States	●				●		●
	The Mosaic Company, Tampa, United States	●		●		●		
Jennifer Xin-Zhe Li	Changcheng Investment Partners, Beijing, China							●
	SAP SE, Walldorf, Germany	●		●	●	●		
	Full Truck Alliance Co. Ltd., Guizhou / Nanjing, China	●		●	●			
David Meline	HP Inc., Palo Alto, United States	●		●		●		
	Pacific Biosciences of California Inc., Menlo Park, United States	●		●		●		

(1) Jacob Wallenberg is not a member of the Board of Directors of SAS AB. He is a member of their Nomination Committee, which is not a committee of the Board.

Exhibit 41: EC compensation in 2023 (audited)

Name	Cash Compensation					Estimated value of share-based grants under the LTIP in 2023 ⁽⁴⁾	2023 Total compensation (incl. conditional share-based grants) ⁽⁵⁾
	Base salary	Short-term incentive ⁽¹⁾	Pension benefits	Other benefits ⁽²⁾	2023 Total cash-based compensation ⁽³⁾		
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Björn Rosengren	1,785,006	2,659,650	775,090	1,759,098	6,978,844	2,714,375	9,693,219
Timo Ihamuotila	990,004	1,386,000	541,130	786,869	3,704,003	1,003,656	4,707,659
Carolina Granat	725,012	1,087,500	440,166	369,285	2,621,963	734,999	3,356,962
Karin Lepasoon	600,000	900,000	254,677	162,089	1,916,766	608,288	2,525,054
Sami Atiya	800,009	960,000	499,122	654,700	2,913,831	811,038	3,724,869
Tarak Mehta	930,009	1,395,000	526,130	746,993	3,598,132	942,817	4,540,949
Peter Terwiesch	855,003	1,179,060	505,595	657,565	3,197,223	871,844	4,069,067
Morten Wierod	962,502	1,462,500	505,842	685,145	3,615,989	988,423	4,604,412
Total Executive Committee members at December 31, 2023	7,647,545	11,029,710	4,047,752	5,821,744	28,546,751	8,675,440	37,222,191
Andrea Antonelli (EC member until May 31, 2023)	700,000	980,000	248,685	140,430	2,069,115	1,064,462	3,133,577
Theodor Swedjemark (EC member until September 30, 2022)	83,334	78,854	45,344	79,168	286,700	—	286,700
Total departing Executive Committee members	783,334	1,058,854	294,029	219,598	2,355,815	1,064,462	3,420,277
Total	8,430,879	12,088,564	4,341,781	6,041,342	30,902,566	9,739,902	40,642,468

- (1) Represents accrued short-term variable compensation for the year 2023, which will be paid in 2024, 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. Theodor Swedjemark received a short-term variable compensation payment in February 2023 related to his 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 and 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 24, 2026), 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) Payments totaling CHF 308,592 were made in 2023 on behalf of certain other former EC members, representing social security premium payments due on the 2020 LTIP vesting and tax advisory services for the period when they have been active EC members.

Exhibit 42: EC compensation in 2022 (audited)

Name	Cash Compensation				2022 Total cash-based compensation ⁽³⁾	Estimated value of share-based grants under the LTIP in 2022 ⁽⁴⁾	2022 Total compensation (incl. conditional share-based grants) ⁽⁵⁾
	Base salary	Short-term incentive ⁽¹⁾	Pension benefits	Other benefits ⁽²⁾			
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Björn Rosengren	1,770,840	2,142,000	762,478	988,084	5,663,402	2,411,254	8,074,656
Timo Ihamuotila	986,672	1,188,000	527,648	720,953	3,423,273	891,570	4,314,843
Carolina Granat	720,843	870,000	427,903	352,848	2,371,594	652,920	3,024,514
Andrea Antonelli (EC member as of March 1, 2022)	583,334	670,833	198,164	245,754	1,698,085	945,595	2,643,680
Karin Lepasoon (EC member as of October 1, 2022)	150,000	165,000	62,360	38,987	416,347	540,336	956,683
Sami Atiya ⁽⁶⁾	800,009	539,200	487,247	599,994	2,426,450	720,458	3,146,908
Tarak Mehta	930,009	1,337,340	513,481	604,563	3,385,393	837,546	4,222,939
Peter Terwiesch	825,001	1,245,000	485,152	536,952	3,092,105	747,485	3,839,590
Morten Wierod	875,006	1,067,400	471,432	523,912	2,937,750	810,519	3,748,269
Total Executive Committee members at December 31, 2022	7,641,714	9,224,773	3,935,865	4,612,047	25,414,399	8,557,683	33,972,082
Maria Varsellona (EC member until March 31, 2022)	200,002	181,985	114,896	79,223	576,106	—	576,106
Theodor Swedjemark (EC member until September 30, 2022)	500,004	473,124	283,520	203,210	1,459,858	—	1,459,858
Total departing Executive Committee members	700,006	655,109	398,416	282,433	2,035,964	—	2,035,964
Total	8,341,720	9,879,882	4,334,281	4,894,480	27,450,363	8,557,683	36,008,046

- (1) Represents accrued short-term variable compensation for the year 2022, which was paid in 2023, 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. Maria Varsellona received a short-term variable compensation payment in March 2022 related to her 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 and 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 25, 2025), 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) Payments totaling CHF 1,324,301 were made in 2022 on behalf of certain other former EC members, representing social security premium payments due on the 2019 LTIP vesting and tax advisory services for the period when they have been active EC members.
- (6) The disclosure of the number of shares granted under the LTIP in 2022 for Sami Atiya has been corrected from the amount previously disclosed in the 2022 Compensation Report. As a result, the grant fair value has been reduced accordingly.

Exhibit 43: EC members with external mandates at December 31, 2023 (audited)

Name	Company	Listed company	Chair of the Board	Member of the Board	Chair of a Committee	Member of a Committee
Timo Ihamuotila	SoftwareOne Holding AG, Stans, Switzerland	•		•	•	
	Oras Invest Oy, Helsinki, Finland			•		
Sami Atiya	SGS SA, Geneva, Switzerland	•		•	•	•
Tarak Mehta	Prysmian S.p.A., Milan, Italy	•		•		•
Peter Terwiesch	Hilti AG, Schaan, Liechtenstein			•		

Exhibit 44: LTIP grants in 2023 (audited)

Name	Reference number of shares under the EPS performance factor of the 2023 launch of the LTIP ⁽¹⁾	Total estimated value of share-based grants under the EPS performance factor of the 2023 launch of the LTIP ⁽²⁾⁽³⁾	Reference number of shares under the TSR performance factor of the 2023 launch of the LTIP ⁽¹⁾	Total estimated value of share-based grants under the TSR performance factor of the 2023 launch of the LTIP ⁽²⁾⁽³⁾	Reference number of shares under the sustainability performance factor of the 2023 launch of the LTIP ⁽¹⁾	Total estimated value of share-based grants under the sustainability performance factor of the 2023 launch of the LTIP ⁽²⁾⁽³⁾	Total number of shares granted under the 2023 launch of the LTIP ⁽¹⁾⁽²⁾	Total estimated value of share-based grants under the LTIP in 2023 ⁽²⁾⁽³⁾
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Björn Rosengren ⁽⁴⁾	42,854	1,357,187	25,712	814,300	17,142	542,888	85,708	2,714,375
Timo Ihamuotila	15,845	501,812	9,507	301,087	6,339	200,757	31,691	1,003,656
Carolina Granat	11,604	367,499	6,962	220,487	4,642	147,013	23,208	734,999
Karin Lepasoon ⁽⁴⁾	9,603	304,128	5,762	182,483	3,842	121,677	19,207	608,288
Sami Atiya	12,804	405,503	7,682	243,289	5,123	162,246	25,609	811,038
Tarak Mehta ⁽⁴⁾	14,885	471,408	8,931	282,845	5,954	188,564	29,770	942,817
Peter Terwiesch ⁽⁴⁾	13,764	435,906	8,258	261,531	5,507	174,407	27,529	871,844
Morten Wierod ⁽⁴⁾	15,605	494,211	9,363	296,527	6,242	197,685	31,210	988,423
Total Executive Committee members at December 31, 2023	136,964	4,337,654	82,177	2,602,549	54,791	1,735,237	273,932	8,675,440

(1) Vesting date April 24, 2026.

(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, five members of the EC participated in the 20th launch of the ESAP in 2023, which will allow them to save over a 12-month period and, in November 2024, 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 330 ABB shares at an exercise price of CHF 30.49 per share.

Exhibit 45: LTIP grants in 2022 (audited)

Name	Reference number of shares under the EPS performance factor of the 2022 launch of the LTIP ⁽¹⁾⁽⁴⁾	Total estimated value of share-based grants under the EPS performance factor of the 2022 launch of the LTIP ⁽²⁾⁽³⁾	Reference number of shares under the TSR performance factor of the 2022 launch of the LTIP ⁽¹⁾⁽⁴⁾	Total estimated value of share-based grants under the TSR performance factor of the 2022 launch of the LTIP ⁽²⁾⁽³⁾	Reference number of shares under the sustainability performance factor of the 2022 launch of the LTIP ⁽¹⁾⁽⁴⁾	Total estimated value of share-based grants under the sustainability performance factor of the 2022 launch of the LTIP ⁽²⁾⁽³⁾	Total number of shares granted under the 2022 launch of the LTIP ⁽¹⁾⁽²⁾⁽⁴⁾	Total estimated value of share-based grants under the LTIP in 2022 ⁽²⁾⁽³⁾
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Björn Rosengren	42,743	1,205,627	25,646	723,353	17,098	482,274	85,487	2,411,254
Timo Ihamuotila ⁽⁵⁾	15,804	445,770	9,482	267,462	6,323	178,338	31,609	891,570
Carolina Granat	11,574	326,460	6,944	195,858	4,630	130,602	23,148	652,920
Andrea Antonelli (EC member as of March 1, 2022)	16,762	472,797	10,057	283,667	6,706	189,131	33,525	945,595
Karin Lepasoon (EC member as of October 1, 2022) ⁽⁵⁾	9,578	270,153	5,747	162,075	3,832	108,108	19,157	540,336
Sami Atiya ⁽⁶⁾	12,771	360,215	7,662	216,112	5,110	144,131	25,543	720,458
Tarak Mehta ⁽⁵⁾	14,847	418,773	8,908	251,258	5,939	167,515	29,694	837,546
Peter Terwiesch ⁽⁵⁾	13,250	373,728	7,950	224,231	5,301	149,526	26,501	747,485
Morten Wierod ⁽⁵⁾	14,368	405,259	8,620	243,156	5,748	162,104	28,736	810,519
Total Executive Committee members at December 31, 2022	151,697	4,278,782	91,016	2,567,172	60,687	1,711,729	303,400	8,557,683

(1) Vesting date April 25, 2025.

(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) The initial granted number of shares has been increased by 3.7 percent to reflect the impact of the Accelleron spin-off.

(5) In addition to the above awards, five members of the EC participated in the 19th launch of the ESAP in 2022, which allowed them to save over a 12-month period and, in November 2023, use their savings to acquire ABB shares under the ESAP. Each EC member who participated in ESAP was entitled to acquire up to 360 ABB shares at an exercise price of CHF 27.99 per share.

(6) The disclosure of the number of shares granted under the LTIP in 2022 for Sami Atiya has been corrected from the amount previously disclosed in the 2022 Compensation Report, reducing the number by 958.

Exhibit 46: EC shareholding overview at December 31, 2023 (audited)

Name	Total number of shares held at December 31, 2023	Unvested at December 31, 2023		
		Reference number of shares deliverable under the 2021 performance factors (EPS and TSR) of the LTIP ⁽¹⁾	Reference number of shares deliverable under the 2022 performance factors (EPS, TSR and sustainability) of the LTIP ⁽¹⁾	Reference number of shares deliverable under the 2023 performance factors (EPS, TSR and sustainability) of the LTIP ⁽¹⁾
		(vesting 2024)	(vesting 2025)	(vesting 2026)
Björn Rosengren	262,334	99,450	85,487	85,708
Timo Ihamuotila	202,000	37,830	31,609	31,691
Carolina Granat ⁽²⁾	5,200	27,301	23,148	23,208
Karin Lepasoon	360	—	19,157	19,207
Sami Atiya	100,000	31,201	25,543	25,609
Tarak Mehta	134,710	36,271	29,694	29,770
Peter Terwiesch	100,000	31,201	26,501	27,529
Morten Wierod	141,267	31,201	28,736	31,210
Total Executive Committee members at December 31, 2023	945,871	294,455	269,875	273,932

(1) The final 2020 LTIP, 2021 LTIP and 2022 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) This includes 1,200 shares held by the spouse.

Exhibit 47: EC shareholding overview at December 31, 2022 (audited)

Name	Total number of shares held at December 31, 2022	Unvested at December 31, 2022			
		Reference number of shares deliverable under the 2020 performance factors (EPS and TSR) of the LTIP ⁽¹⁾⁽²⁾	Reference number of shares deliverable under the 2021 performance factors (EPS and TSR) of the LTIP ⁽¹⁾⁽²⁾	Reference number of shares deliverable under the 2022 performance factors (EPS, TSR and sustainability) of the LTIP ⁽¹⁾⁽²⁾	Replacement share grant for foregone benefits from former employer ⁽²⁾⁽³⁾
		(vesting 2023)	(vesting 2024)	(vesting 2025)	(vesting 2023)
Björn Rosengren	94,597	136,589	99,450	85,487	19,604
Timo Ihamuotila	189,034	50,887	37,830	31,609	—
Carolina Granat ⁽⁴⁾	5,200	—	27,301	23,148	—
Andrea Antonelli (EC member as of March 1, 2022)	—	—	7,021	33,525	—
Karin Lepasoon (EC member as of October 1, 2022)	—	—	—	19,157	—
Sami Atiya ⁽⁵⁾	90,473	42,852	31,201	25,543	—
Tarak Mehta	152,993	48,209	36,271	29,694	—
Peter Terwiesch	132,940	42,852	31,201	26,501	—
Morten Wierod	64,777	40,174	31,201	28,736	—
Total Executive Committee members at December 31, 2022	730,014	361,563	301,476	303,400	19,604

(1) The final 2020 LTIP, 2021 LTIP and 2022 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) Initial number of shares granted have been increased by 3.7 percent to reflect the impact of the spin-off of the Accelleron business.

(3) The replacement share grant was settled 65 percent in shares and 35 percent in cash.

(4) This includes 1,200 shares held by the spouse.

(5) The disclosure of the number of shares granted under the LTIP in 2022 for Sami Atiya has been corrected from the amount previously disclosed in the 2022 Compensation Report, reducing the number by 958.

Exhibit 48: Targeted and realized EC total compensation in 2023

Target compensation (in CHF)	Base salary	Pension benefits	Other benefits ⁽¹⁾	Target short-term incentive ⁽²⁾	Grant fair value of 2020 LTIP ⁽³⁾	Grant fair value of 2020 replacement share grant ⁽⁴⁾	Target total variable compensation	Target total compensation
Björn Rosengren	1,785,006	775,090	1,703,295	1,785,000	1,970,457	406,436	4,161,893	8,425,284
Timo Ihamuotila	990,004	541,130	761,604	990,000	734,103	n.a.	1,724,103	4,016,841
Carolina Granat	725,012	440,166	346,158	725,000	n.a.	n.a.	725,000	2,236,336
Karin Lepasoon	600,000	254,677	142,949	600,000	n.a.	n.a.	600,000	1,597,626
Sami Atiya	800,009	499,122	644,492	800,000	618,193	n.a.	1,418,193	3,361,816
Tarak Mehta	930,009	526,130	717,326	930,000	695,462	n.a.	1,625,462	3,798,927
Peter Terwiesch	855,003	505,595	637,209	860,000	618,193	n.a.	1,478,193	3,476,000
Morten Wierod	962,502	505,842	654,043	975,000	579,552	n.a.	1,554,552	3,676,939
Total	7,647,545	4,047,752	5,607,076	7,665,000	5,215,960	406,436	13,287,396	30,589,769

Realized compensation (in CHF)	Base salary	Pension benefits	Other benefits ⁽¹⁾⁽⁵⁾	Short-term incentive 2023 ⁽⁶⁾	Realized value of 2020 LTIP ⁽⁷⁾	Realized value of 2020 replacement share grant ⁽⁸⁾	Total variable compensation	Total compensation
Björn Rosengren	1,785,006	775,090	1,759,098	2,659,650	8,347,494	626,740	11,633,884	15,953,078
Timo Ihamuotila	990,004	541,130	786,869	1,386,000	3,109,900	n.a.	4,495,900	6,813,903
Carolina Granat	725,012	440,166	369,285	1,087,500	n.a.	n.a.	1,087,500	2,621,963
Karin Lepasoon	600,000	254,677	162,089	900,000	n.a.	n.a.	900,000	1,916,766
Sami Atiya	800,009	499,122	654,700	960,000	2,618,862	n.a.	3,578,862	5,532,693
Tarak Mehta	930,009	526,130	746,993	1,395,000	2,946,264	n.a.	4,341,264	6,544,396
Peter Terwiesch	855,003	505,595	657,565	1,179,060	2,618,862	n.a.	3,797,922	5,816,085
Morten Wierod	962,502	505,842	685,145	1,462,500	2,455,193	n.a.	3,917,693	6,071,182
Total	7,647,545	4,047,752	5,821,744	11,029,710	22,096,575	626,740	33,753,025	51,270,066

Realized achievement level	Base salary	Pension benefits	Other benefits ⁽¹⁾	Short-term incentive 2023 ⁽⁶⁾	Realized value of 2020 LTIP in % ⁽⁷⁾	Realized value of 2020 replacement share grant in % ⁽⁸⁾	Total variable compensation	Total compensation
Björn Rosengren	100.0%	100.0%	103.3%	149.0%	423.6%	154.2%	279.5%	189.3%
Timo Ihamuotila	100.0%	100.0%	103.3%	140.0%	423.6%	n.a.	260.8%	169.6%
Carolina Granat	100.0%	100.0%	106.7%	150.0%	n.a.	n.a.	150.0%	117.2%
Karin Lepasoon	100.0%	100.0%	113.4%	150.0%	n.a.	n.a.	150.0%	120.0%
Sami Atiya	100.0%	100.0%	101.6%	120.0%	423.6%	n.a.	252.4%	164.6%
Tarak Mehta	100.0%	100.0%	104.1%	150.0%	423.6%	n.a.	267.1%	172.3%
Peter Terwiesch	100.0%	100.0%	103.2%	137.1%	423.6%	n.a.	256.9%	167.3%
Morten Wierod	100.0%	100.0%	104.8%	150.0%	423.6%	n.a.	252.0%	165.1%
Average	100.0%	100.0%	105.0%	143.3%	423.6%	154.2%	233.6%	158.2%

(1) Other benefits comprise payments related to social security, 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 2020 LTIP grant date fair value as per April 27, 2020, as disclosed in our Annual Report 2020.

(4) Represents the 2020 grant fair value related to the second tranche (out of two tranches) of the replacement grant, as disclosed in our Annual Report 2020.

(5) Differences between realized and target values due to higher social security payments related to AIP awards above target values.

(6) Represents accrued short-term incentive for the year 2023, which will be paid in 2024, 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.

(7) Valued at CHF 32.25, the closing price of the ABB share on the day of vesting.

(8) Valued at CHF 31.97, the closing price of the ABB share on the day of vesting.



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, 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" on pages 40 to 47 of 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, and we have 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 and the Compensation Report), but does not include the tables marked "audited" in the Compensation Report, the consolidated financial statements, the stand-alone financial statements 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

Mohammad Nafeie

Zurich, Switzerland
February 22, 2024

Caution concerning forward-looking statements

The Compensation Report 2023 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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