

ABB LIMITED

Strategic Report, Director's Report and Financial Statements
For the Year Ended 31 December 2020
Registered number: 03780764



ABB LIMITED

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ABB LIMITED

COMPANY INFORMATION

Directors	DJ Hughes ME Moussa VA Mac Lean
Company secretary	VA Mac Lean
Registered number	03780764
Registered office	Daresbury Park Daresbury Warrington Cheshire WA4 4BT
Independent auditors	KPMG LLP 1 St Peter's Square Manchester M23AE
Banker	Deutsche Bank Winchester House 1 Great Winchester Street London EC2N 2DB

ABB LIMITED

STRATEGIC REPORT For the Year Ended 31 December 2020

INTRODUCTION

The Directors present their Strategic Report for ABB Limited ("the Company") for the year ended 31 December, 2020.

PRINCIPAL ACTIVITIES

The Company is a member of the ABB Group and is owned by ABB Holdings Limited, a company registered in England and Wales.

The principal activities of the Company in the year were the provision of solutions for secure, energy efficient generation, transmission and distribution of electricity and for increasing productivity in industrial, commercial and utility operations

RESULTS

The results for the year are set out on page 14. Turnover from continuing operations for the year was £392,404,000 (2019: £425,799,000). Total turnover for the year from continuing and discontinuing operations was £392,404,000 (2019: £601,851,000). The total profit for the year from continuing and discontinuing operations after taxation amounted to £96,827,000 (2019: £13,124,000). The Company's results for 2020 include a profit on disposal of £78,442,000 after the completion of the disposal of the Power Grids business.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Company's turnover comprises delivery of projects, sale of products and associated service operations. Many of the products sold during the year, either directly or as part of integrated projects are manufactured by both the company in the UK and ABB facilities overseas. The ABB group is organised on worldwide divisional lines and individual budgets and targets are set for each business.

The business segments are

- 1) Industrial Automation
- 2) Electrification products
- 3) Motion
- 4) Robotics & Discrete Automation
- 5) Power Grids (trade, assets and liabilities transferred 1 October 2019 and fully divested 17 July 2020)

	2020	2019	Change
	£'000	£'000	%
Turnover from continuing operations	392,404	425,799	(7.84)
Operating profit from continuing operations	29,012	12,843	125.90
Shareholder's funds	172,926	117,326	47.39

Following the agreement to divest the Power Grids business to Hitachi, which was announced on December 17, 2018, and completed on 17 July 2020 the Company's exposure to the utilities market has decreased significantly over the last two years. During 2020, business levels in the conventional power generation and renewables markets were challenged by global travel restrictions during the COVID-19 pandemic as well as a lower general demand environment, particularly for fossil fuels. ABB delivers solutions mainly for distribution utilities and renewables customers, while continuing to service conventional power generation customers with control and automation solutions. As a proportion of turnover, utility customers accounted for 16% in 2020 (2019: 12%).

In the industrial automation market we serve production facilities and factories all around the world from process industries such as oil and gas to discrete industries including automotive, food and beverage and consumer

STRATEGIC REPORT (CONTINUED)
For the Year Ended 31 December 2020

electronics. Automation, software and digital services that help customers achieve improved safety, uptime, energy efficiency and productivity are key to the success of our offerings in this market. The COVID-19 pandemic has served as a prominent reminder for companies of the importance of simplicity and flexibility in automated production and has accelerated customer demand for the digital services and solutions we offer. The end user industrial markets were materially impacted by the COVID-19 pandemic resulting in lower demand for our products and services worldwide. Global travel restrictions hindered our capability to execute our project and service businesses even while customer acceptance of remote digital services and solutions increased. In process industries, oil and gas customers, faced with a substantial decrease in commodity prices, reduced planned capital expenditures, which impacted our order levels. Certain discrete industries such as food and beverage, and logistics were robust. Investments in robotics by the automotive industry continued to be challenged by weak customer demand as well as uncertainty around the timing and pace of transition from traditional to electric vehicles. As a proportion of turnover, industrial customers accounted for 62% in 2020 (2019: 59%).

In the transport & infrastructure market our expertise provides efficient, reliable and sustainable solutions for customers, with a focus on energy efficiency and reduced operating costs. Transport & infrastructure markets were resilient in 2020. Demand in rail for electrification and traction solutions was strong over the year. Data centre markets continued to expand and ABB was successful in offering bundled solutions to hyperscale and co-location customers in particular. Building activity was impacted by COVID-19 lockdowns. In the marine sector the services business particularly suffered after the shutdown of the global cruise industry due to the COVID-19 pandemic. Electric Vehicle charging markets continued to expand during the period and we received multiple orders from customers for EV charging infrastructure, including for our high-voltage direct-current (DC) fast-charging station, the Terra HP. As a proportion of turnover, transport and infrastructure customers accounted for 22% in 2020 (2019: 29%).

During 2019 the Company transferred the trade, assets and liabilities of its Power Grids business to ABB Power Grids UK Limited in preparation for the ultimate divestment to Hitachi which was completed during 2020. Turnover in the remaining operating businesses decreased to £392,404,000 compared to £425,799,000 in 2019, a decrease of 7.84% largely due to the impact of the COVID-19 pandemic on our markets. Operating profit in the continuing operating businesses increased to £29,013,000 (2019: £12,843,000) an increase of 126%. However, the current year profit included a pension plan amendment credit of £40,045,000 so the underlying performance resulted in an operating loss again due to the impact of the COVID-19 pandemic.

Orders received during the year for the continuing businesses decreased by 4.6%. However, as the decline in turnover was greater than this the year-end open order book ended 6% higher than the prior year. The short term outlook remains mixed with market uncertainty due to COVID-19. The outlook remains muted for segments such as oil and gas, conventional power generation and marine, while raw materials costs are rising. However in 2021 to date, there have been signs of positive development in general industry and machine builders' segments, while end-markets including buildings, distribution utilities, data centres, consumer electronics and food and beverage.

The challenges posed by the COVID-19 pandemic accelerated several trends and none more so than the shift to digital connectivity and automation, as industries sought ways to maintain operations with fewer people on site. At the same time, growing public awareness of the need for action on climate change and the over-use of natural resources has driven sustainability to the top of the agenda for governments, investors, corporations and multilateral organizations. A related trend is urbanization, which is placing cities under huge pressure to expand sustainably, reduce energy consumption and traffic congestion, and improve air and water quality. For ABB, these trends represent compelling business opportunities. Our market and technology leadership in electrification position us strongly in a market where demand is growing at twice the pace of other energy sources. Our leadership in automation, robotics and motion means we are ideally placed to help industries improve energy efficiency and productivity. And our solutions for the transport sector gives us commanding positions in marine, rail and electric mobility on the road.

The divestment of the Power Grids business to ABB Power Grids UK Limited in 2019 has been presented as a discontinued operation within the accounts. To facilitate this divestment the Company transferred the trade, assets and liabilities of its Power Grids business to ABB Power Grids UK Limited, a wholly owned subsidiary of the Company on 1st October 2019 and completed the divestment to Hitachi on 17 July 2020, following the receipt of customary regulatory approvals which generated a profit on disposal of £78,440,000.

STRATEGIC REPORT (CONTINUED)
For the Year Ended 31 December 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company in the UK are in the areas of market competition, operational delivery, safety and finance.

The management team operates a comprehensive risk review process to address all commercial, delivery and financial aspects of both prospects in pursuit and projects in execution. It also specifically monitors and reviews all aspects of health and safety on a monthly basis. The Company has dedicated Health and Safety professionals across the organisation whose responsibility it is to manage health and safety performance on a daily basis. Extensive training of all staff is undertaken to reduce the risk of failure to comply with best practice or legislative standards which could have a material impact on the Company's licence to operate.

Financial risks are addressed as part of a stringent process of budgeting and forecasting. Credit assessments are made of all new customers and appropriate limits set and monitored. A rolling forecast of cash flows is maintained and a revolving credit facility with the ultimate parent company's treasury centre would be available if required.

The Company has transactional currency exposures arising from sales and purchases in foreign currencies. It is group policy to hedge all contracted exposures plus at least 50% of forecast foreign currency sales of standard products over a rolling 12-month period, by taking forward foreign currency contracts.

Impact of Brexit

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation period which ended on 31 December 2020. On 24 December 2020, the United Kingdom and the European Union entered a Trade and Cooperation Agreement (TCA) establishing the basis on which goods will be traded from 1 January 2021 between parties in the United Kingdom and the European Union. Whilst it is anticipated that some of the detail necessary to operate under the TCA will be determined in future as this new relationship evolves, the Directors consider this outcome provides a platform from which UK based companies can plan and execute future trading activities with parties in the European Union, and that it provides a basis to resolve much of the uncertainty which remained after the United Kingdom had left the European Union on 31 January 2020 without having in place the new TCA.

In anticipation of the changes Brexit will bring for the Company in its trading activities and relationships with customers and vendors, the Directors have assessed the potential impacts of Brexit and have put in place measures to monitor and manage the on-going impacts.

At the time of signing these financial statements the Directors have not identified any impacts of Brexit which might require a material change in the Company's current activities nor would require any adjustments to the financial amounts presented in the financial statements at 31 December 2021.

Impact of COVID-19

In March 2020, the World Health Organisation (WHO) announced the COVID-19 outbreak a global pandemic. ABB has been constantly monitoring this situation and in line with governmental measures taken to contain the spread of the virus, we have made appropriate work arrangements and implemented precautionary travel restrictions. This includes all employees avoiding any non-business critical travel. We are also following applicable national health services regulations and WHO guidance.

We have taken various internal preventive and protective measures in accordance with ABB's crisis management and business contingency plans.

The health and safety of our employees, customers and partners remains our number one priority and we are working hard to assess and mitigate any risks. Many teams have been set up to manage the situation by site, business and function. Weekly update communication has been sent to all staff and all hands webinars held on a monthly basis. Customer facing teams have maintained contact with customers to ensure that they receive the service that they require, and procurement teams are liaising with suppliers to ensure that supply chain visibility is maintained.

The spread of COVID-19 has resulted in an economic downturn in jurisdictions in which the Company operates and the global economy more widely. If the pandemic is prolonged, or further diseases emerge that give rise to similar effects, the adverse impact on the global economy could be deepened and result in further declines in the markets.

ABB LIMITED

STRATEGIC REPORT (CONTINUED) For the Year Ended 31 December 2020

The Company's balance sheet exposure has been reviewed and the Company continues to maintain positive net asset value. Since the onset of the pandemic the Company has remained operational, with key activities such as manufacturing and distribution of products being maintained, and servicing provided to our customers who are operating in the key sectors during this period (Utilities, food manufacturing, energy). The Company has also implemented strict cost management measures and utilised the Governments Covid-19 support schemes including the VAT deferral scheme and the Job Retention Scheme where appropriate. Notwithstanding these measures and the Company's strong balance sheet position the Company has experienced some negative impacts on its results during 2020, and deterioration in the situation could have further adverse implications arising from the impacts on the global economy.

At the time of signing these financial statements the Directors have not identified any impacts of COVID-19 which might require a material change in the Company's current activities nor would require any adjustments to the financial amounts presented in the financial statements at 31 December 2021.

Directors' statement of compliance with duty to promote the success of the Company

S172(1) of the Companies Act sets out the duties of each Director of a company to act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of shareholders as a whole and in doing so, have regard to a number of broader matters which are set out below:

- (a) the likely consequences of any decision in the long term,
- (b) the interest of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct,
- (f) the need to act fairly between members of the company.

The Directors of ABB Limited have created a Management Team to make strategic decisions on behalf of the Company and to manage the Company on a day to day basis. In making these decisions the Management Team will consider their legal duty and also the priorities and requirements of the sole shareholder ABB Holdings Limited. The Management Team comprises the head of each of the businesses and the head of the legal, HR, finance, communications and HSE support functions. The Directors are all members of the Management Team in their business capacities. This Management Team meets monthly to discuss and prioritise actions to benefit the Company and its stakeholders.

- (a) the likely consequences of any decision in the long term,

The strategic decisions of the ABB Group influence the decisions taken by the Management Team in areas such as structure of the business, current product ranges, research and development, supply chain, sustainability, IT infrastructure, IT tools and key internal processes. The Management Team will adapt the ABB Group strategy for the UK market taking into account UK laws and regulations and UK customer and employee needs.

The Management Team need to take into account the impact of any decision on the short term and long term interests of the Company and its stakeholders. In 2020 the divestment in ABB Power Grids UK Limited was completed with the sale of the Company's investment in ABB Power Grids UK Limited to Hitachi Ltd. In 2018, ABB Group made the decision to divest 80.1% of its Power Grids business and during 2019 the Company divested the assets and liabilities of its Power Grids business. Although these decisions were made at the Group Board level, the Management Team and the Directors considered the impact of the key UK stakeholder groups (Customers, Suppliers and employees), and ensured appropriate communications and updates were provided to all groups throughout the period leading up to and during this process.

ABB LIMITED

STRATEGIC REPORT (CONTINUED) For the Year Ended 31 December 2020

Directors' statement of compliance with duty to promote the success of the Company (Continued)

(b) the interests of the Company's employees

The ABB Group recognises that its strength is rooted in its people and there is therefore a need to ensure that they are empowered and motivated to perform their best, and that ABB continues to attract and retain the best talent globally. This is fostered and encouraged in many ways, including

- global CEO webcasts for all employees, covering topics including Company results, innovative solutions developed by the Company's employees and other important issues of the time.
- a global employee engagement survey, the results of which are shared anonymously with management and used to focus actions for each function and site,
- the launch of a new internal social channel in which everyone in ABB, from executives to production employees, has the opportunity to share their views, best practices and ideas for improvement,
- various publications circulated throughout the group which along with the regular distribution of notices and regular meetings of consultative committees aim to ensure employees are fully informed about the Company and the Group, and
- employees are also encouraged to invest in the Group through participation in share option schemes.

In addition to the above, during the Covid-19 crisis, with the majority of our employees working from home, the Management team has delivered a weekly update communication to all staff and hosted monthly webinars to ensure all employees are kept informed and up to date with the current situation and implications for the business.

(c) the need to foster the Company's business relationships with suppliers, customers and others,

The ABB Group recognizes that in today's competitive and fast-growing digital world, growth depends on getting closer to our customers. The more we understand their businesses and operations, the better we are able to help them take advantage of new technologies and to partner with them for long-term mutual success.

In 2020, the Group completed its organizational transformation with the divestment of Power Grids, which was successfully handed over to Hitachi in July 2020. Complementing the shift away from power transmission and large-scale infrastructure projects, the Group focused on simplifying the business model and operational structure to create a leaner, more agile and customer-focused ABB

By empowering the four businesses with full operational responsibility for all functions and territories, the businesses have been given freedom to serve their markets and customers to the best of their abilities. Performance is driven through a decentralized business model that moves accountability for strategy, operations and performance to our individual Divisions within the businesses. This enables decisions to be made closer to the customer, meaning that our Divisions can be more entrepreneurial – fast, innovative and responsive to customer needs

ABB operates a range of key policies and processes that help us to prevent child or forced labour within our operations and our value chain. These include the ABB Code of Conduct, ABB Supplier Code of Conduct, the ABB Policy Combating Trafficking in Persons, ABB Policy on Conflict Minerals, Human Rights policy, Social policy, our supply chain and contractor questionnaires, as well as certain internal directives and guidelines. The ABB Group has a supplier code of conduct which can be found online at this address <https://global.abb/group/en/about/supplying>. Group Purchasing Teams work collaboratively with our suppliers to ensure that this code of conduct is met by suppliers. The Company's payment practice filing shows that on average suppliers are paid after 65 days.

(d) the impact of the company's operations on the community and environment,

ABB Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. The Company operates in accordance with ABB Group policies, details of which can be found online at this address <https://new.abb.com/sustainability>. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

ABB LIMITED

STRATEGIC REPORT (CONTINUED)
For the Year Ended 31 December 2020

Directors' statement of compliance with duty to promote the success of the Company
(Continued)

(e) the desirability of the Company maintaining a reputation for high standards of business conduct,

ABB is committed to fostering a culture where integrity is woven into the fabric of everything we do and has developed and implemented a systematic approach designed to prevent, detect, and resolve any potential integrity concerns. This is supported by tools and processes and a zero tolerance policy for any violations. ABBs integrity program has created an environment where all employees can be open about identifying risks, asking questions, and raising concerns.

Employees are not just encouraged, but are required to speak up and to report any suspected or observed violations of the law, the ABB Code of Conduct, or if they are asked to do something that might be a violation.

Reports may be made to a supervisor, a regional or country integrity officer, the chief integrity officer, or the ABB Business Ethics Hotline.

Every employee receives mandatory training and is required to read, acknowledge and follow the ABB Code of Conduct

The ABB Code of Conduct can be found here <https://global.abb/group/en/about/supplying/code-of-conduct>.

(f) the need to act fairly between members of the company,

The Company is a wholly owned subsidiary of ABB Holdings Limited. The Company's directors are also the directors of ABB Holdings Limited and all decisions made by the Directors are made having regard for the interests of its parent company.

This report was approved by the board on 24 September 2021 and signed on its behalf.



VA Mac Lean
Secretary

28 September 2021

ABB LIMITED

DIRECTORS' REPORT For the Year Ended 31 December 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £96,827,000 (2019 - £13,124,000).

The company paid an interim dividend of £nil in respect of 2020 (2019: £nil).

Directors

The Directors who served during the year were:

DJ Hughes
ME Moussa
VA Mac Lean

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Health and safety of employees

The well-being of the Company's employees is safeguarded through strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act 1989 imposes certain requirements on employers and the Company has taken the necessary action to ensure compliance with the Act, including the adoption of a Safety Statement.

Engagement with employees, suppliers, customers and others

Engagement with employees, suppliers, customers and others is set out in the Strategic Report on page 5

Disabled employees

It is the Company's policy to give full and fair consideration to disabled applicants in recruitment, training and career development and whenever possible to continue the employment of and arrange appropriate facilities for employees who become disabled whilst employed.

Disclosure of information to auditors

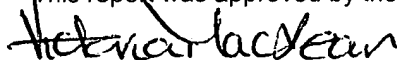
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 September 2021 and signed on its behalf.



VA Mac Lean
Secretary

28 September 2021

ABB LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT For the Year Ended 31 December 2020

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ABB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABB LIMITED

Opinion

We have audited the financial statements of ABB Limited ("the company") for the year ended 31 December 2020 which comprise the Statement of Profit and Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in Note 2.

In our opinion the financial statements:

give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;

have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and

have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABB LIMITED (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

Enquiring of directors as to the company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected, or alleged fraud.

Reading board minutes.

Considering remuneration incentive schemes and performance targets

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment assumptions.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the company-wide fraud risk management controls.

We also performed procedures including:

Identifying journal entries to test [for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations.

Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABB LIMITED (CONTINUED)

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: certain aspects of company legislation recognising the financial and regulated nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

we have not identified material misstatements in the Strategic Report and the Directors' Report;

in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

the financial statements are not in agreement with the accounting records and returns; or

certain disclosures of directors' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit,

We have nothing to report in these respects.

ABB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABB LIMITED (CONTINUED)

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

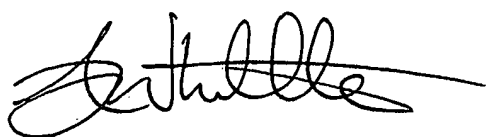
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Antony Whittle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 St Peter's Square
Manchester
M23AE

28 September 2021

ABB LIMITED
PROFIT AND LOSS ACCOUNT
For the Year Ended 31 December 2020

		Continuing operations 2020 £000	Discontinued operations 2020 £000	Total 2020 £000	Continuing operations 2019 £000	Discontinued operations 2019 £000	Total 2019 £000
	Note						
Turnover		392,404	-	392,404	425,799	176,052	601,851
Cost of sales		(322,835)	(886)	(323,721)	(377,224)	(166,647)	(543,871)
Gross profit		<u>69,569</u>	<u>(886)</u>	<u>68,683</u>	<u>48,575</u>	<u>9,405</u>	<u>57,980</u>
Distribution costs		(3,740)	-	(3,740)	(3,175)	(58)	(3,233)
Administrative expenses		(36,817)	67	(36,750)	(32,557)	(7,508)	(40,065)
Operating profit	5	<u>29,012</u>	<u>(819)</u>	<u>28,193</u>	<u>12,843</u>	<u>1,839</u>	<u>14,682</u>
Income from other fixed asset investments		-	-	-	8,885	-	8,885
Profit on disposal of fixed asset investments	6	78,442	-	78,442	-	-	-
Impairment of fixed asset investments	6	(3,782)	-	(3,782)	(3,400)	-	(3,400)
Interest receivable and similar income	12	27	-	27	1,139	165	1,304
Interest payable and similar expenses	13	(2,583)	58	(2,525)	(3,671)	(6)	(3,677)
Other finance income	14	(319)	-	(319)	(605)	-	(605)
Profit before tax		<u>100,797</u>	<u>(761)</u>	<u>100,036</u>	<u>15,191</u>	<u>1,998</u>	<u>17,189</u>
Tax on profit	15	(3,209)	-	(3,209)	(4,065)	-	(4,065)
Profit for the financial year		<u><u>97,588</u></u>	<u><u>(761)</u></u>	<u><u>96,827</u></u>	<u><u>11,126</u></u>	<u><u>1,998</u></u>	<u><u>13,124</u></u>

The notes on pages 19 to 56 form part of these financial statements.

Included within cost of sales is a pension plan amendment credit of £40,045,000 (2019:nil)

ABB LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
For the Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Profit for the financial year		96,827	13,124
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit schemes		(52,188)	(18,500)
Pension surplus not recognised		1,291	(2,416)
Movement of deferred tax relating to pension deficit		9,670	3,974
		<u>(41,227)</u>	<u>(16,942)</u>
Total comprehensive income for the year		<u><u>55,600</u></u>	<u><u>(3,818)</u></u>

The notes on pages 19 to 56 form part of these financial statements.

BALANCE SHEET
As at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Goodwill	16	13,830	13,830
Intangible assets	17	91	113
Tangible assets	18	42,212	47,648
Investments	19	45,195	57,126
		<u>101,328</u>	<u>118,717</u>
Current assets			
Stocks	20	37,017	31,799
Debtors: amounts falling due after more than one year	21	21,439	15,122
Debtors: amounts falling due within one year	21	176,399	185,201
Cash at bank and in hand	22	518	2,428
		<u>235,373</u>	<u>234,550</u>
Creditors: amounts falling due within one year	23	(129,348)	(162,603)
Net current assets		<u>106,025</u>	<u>71,947</u>
Total assets less current liabilities		<u>207,353</u>	<u>190,664</u>
Creditors: amounts falling due after more than one year	24	(15,695)	(21,296)
		<u>191,658</u>	<u>169,368</u>
Provisions for liabilities			
Other provisions	27	(7,223)	(5,363)
		<u>(7,223)</u>	<u>(5,363)</u>
Net assets excluding pension liability		<u>184,435</u>	<u>164,005</u>
Pension liability	29	(11,509)	(46,679)
Net assets		<u><u>172,926</u></u>	<u><u>117,326</u></u>
Capital and reserves			
Called up share capital	28	120,000	120,000
Profit and loss account		52,926	(2,674)
		<u><u>172,926</u></u>	<u><u>117,326</u></u>

ABB LIMITED
Registered number:03780764

BALANCE SHEET (CONTINUED)
As at 31 December 2020

The financial statements were approved and authorised for issue by the board and were signed on its behalf.

A handwritten signature in black ink, appearing to be 'DJ Hughes', written in a cursive style.

DJ Hughes
Director

28 September 2021

The notes on pages 19 to 56 form part of these financial statements.

ABB LIMITED

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2020

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2019	120,000	1,144	121,144
Comprehensive income for the year			
Profit for the year	-	13,124	13,124
Actuarial losses on pension scheme	-	(16,942)	(16,942)
Other comprehensive income for the year	-	(16,942)	(16,942)
Total comprehensive income for the year	-	(3,818)	(3,818)
Total transactions with owners	-	-	-
At 1 January 2020	120,000	(2,674)	117,326
Comprehensive income for the year			
Profit for the year	-	96,827	96,827
Actuarial losses on pension scheme	-	(41,227)	(41,227)
Other comprehensive income for the year	-	(41,227)	(41,227)
Total comprehensive income for the year	-	55,600	55,600
Total transactions with owners	-	-	-
At 31 December 2020	120,000	52,926	172,926

The notes on pages 19 to 56 form part of these financial statements.

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the Year Ended 31 December 2020**

1. GENERAL INFORMATION

The Company has taken advantage of the exemption under S.401 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of ABB Ltd, a company incorporated in Switzerland. A copy of the accounts can be obtained from PO Box 8131, CH-8050, Zurich, Switzerland.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.3 GOING CONCERN

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared forecasts for a period covering at least 12 months from the date of approval of these financial statements, evaluating the downside impacts of COVID-19. However, given the trade of the Company is dependent on its penultimate parent company, ABB Asea Brown Boveri Ltd ("ABB"), the directors have sought confirmation from ABB that it will continue to trade with the entity and provide financial support if and when needed.

ABB has indicated its intention to continue to trade with and to make available such funds as are needed by the company for a period of at least 12 months from the date of approval of these financial statements.

The directors have considered the ability of ABB to continue to trade and provide any financial support as and when required based on the information provided by ABB. As with any company placing reliance on other group entities for trade and financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indications, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.4 REVENUE AND MARGIN RECOGNITION

Revenue and margin recognition on contracts is based on constraints on variable consideration, estimates of future costs and an assessment of technical and other risks.

Revenue is accounted for in accordance with IFRS15 Revenue from Contracts with Customers. For most of the contracts, revenue and associated margin are recognised progressively over time as costs are incurred, and as risks have been mitigated or retired.

The ultimate probability of contracts is based on estimates of revenue and costs, including allowances for technical and other risks, which are reliant on knowledge and experience of the project managers, engineers and finance and commercial professionals. Material changes in these estimates could affect the probability of individual contracts. Revenue and cost estimates are reviewed and updated at least quarterly, and more frequently as determined by events or circumstances.

The long term nature of many of the Group's contracts means that judgements are made in estimating future costs on a contract as well as when risks will be mitigated or retired, which impacts when revenue and associated margin are recognised.

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.5 TURNOVER (REVENUES)

On 1st January 2018 the Company adopted the new IFRS15 standard on revenue recognition. The adoption did not have a material impact on the revenue recognized.

The Company recognizes revenue when it transfers the control over a good or service to a customer. The control is deemed to be transferred when the customer has the ability to direct the use of the asset or has the ability to obtain substantially all of the remaining benefits from that good or service.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue is recognized on long term contracts over time as control is transferred. The basis used to determine the progress of the transfer of control is cost incurred.

Revenue is recognised on short term construction type contracts at a point in time when the customer has control over substantially all the remaining benefits from the contract.

Revenue is recognised on product sales on delivery of goods.

Revenue is recognized on services sales at the time the service has been rendered or in the case of period service contracts over the life of the contract.

2.6 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Amortisation is provided on a straight line basis over the use of its economic life upto a maximum 5 years.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.7 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2.8 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

On disposal of investments in subsidiaries the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 GOODWILL

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.10 IMPAIRMENT OF FIXED ASSETS AND GOODWILL

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following basis:

Freehold property	- 15 to 50 years
Long-term leasehold property	- over the lease term
Plant and machinery	- 3 to 15 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.13 RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliability the expenditure during development.

2.14 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.15 LEASES

The Company leases primarily real estate, vehicles and machinery.

In January 2019, the Company adopted a new lease accounting standard. Prior to the adoption of the new accounting standard, lease transactions where substantially all risks and rewards incident to ownership were transferred from the lessor to the lessee were accounted for as capital leases. All other leases were accounted for as operating leases. The periodic rent expense for operating leases was recorded on a straight line basis over the life of the lease term. Amounts due under capital leases were recorded as a liability. The value of the assets under capital leases were recorded as property, plant and equipment. Depreciation and amortization of assets recorded under capital leases was included in depreciation and amortization expense.

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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.15 LEASES (continued)

right-of-use assets and lease interest expense.

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

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

Short-term leases (leases with an initial lease term of 12 months or less and where it is reasonably certain that the property will not be leased for a term greater than 12 months) are not recorded in the Balance Sheet and are expensed on a straight-line basis over the lease term. The majority of short-term leases relate to real estate and machinery.

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.16 SHARE BASED PAYMENTS

The group has share based employee incentive plans which are described more fully in note 32. The relevant shares are those of the ultimate holding company, ABB Ltd registered in Switzerland. The plans are run and administered by companies in the ABB group, outside of the UK. The fair value of share based payments is charged to the profit and loss account on a straight line basis over the vesting period after taking account of forfeitures.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.17 PENSIONS

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.18 FINANCIAL INSTRUMENTS

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.18 FINANCIAL INSTRUMENTS (continued)

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

2.19 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.20 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.21 DIVIDENDS

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

This does not mean that every accounting judgement should be disclosed. However, disclosure would be appropriate in cases where the accounting outcome is materially different dependent on the judgement taken.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Pension and other post employment benefits

The cost of defined benefit pensions plans and other post employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 29.

Construction Contracts

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet. Further details on margin and revenue recognition are given in the accounting policy notes 2.4 and 2.5.

Goodwill

An annual assessment is made as to whether the current carrying value of goodwill is impaired. Detailed calculations are performed based on discounting expected pre-tax cash flows of the relevant cash generating units and discounting these at an appropriate discount rate, the determination of which requires the exercise of judgement. See note 16 for more information.

Impairment of Investments

An annual assessment is made as to whether the current carrying value of investments is impaired. Detailed calculations are performed based on discounting expected pre-tax cash flows of the relevant cash generating units and discounting these at an appropriate discount rate, the determination of which requires the exercise of judgement. See note 19 for more information.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

4. TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents the amounts derived from the provision of goods and services to third parties which fall within the company's ordinary activities, stated net of value added tax.

Turnover, profit on ordinary activities before tax and net assets are analysed as follows:

Turnover			2020		2019	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations	Total	Total
	£000	£000	£000	£000	£000	£000
Industrial Automation	162,006	-	162,006	189,551	-	189,551
Electrification Products	111,378	-	111,378	112,386	-	112,386
Robotics	49,087	-	49,087	45,403	-	45,403
Motion	68,939	-	68,939	71,620	-	71,620
Power Grids	-	-	-	-	176,052	176,052
Other non trading divisions	994	-	994	6,839	-	6,839
Total	392,404	-	392,404	425,799	176,052	601,851

Included in the above is IAS 11 construction contract revenues of £14,023,000 in Industrial Automation, £23,782,000 in Robotics, £nil in Power Grids and £164,000 in Other non trading divisions (2019: £29,382,000 in Industrial Automation, £131,430,000 in Power Grids and £3,512,000 in Other non trading divisions).

Operating Profit			2020		2019	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations	Total	Total
	£000	£000	£000	£000	£000	£000
Industrial Automation	7,612	-	7,612	14,924	-	14,924
Electrification Products	4,530	-	4,530	1,481	-	1,481
Robotics	1,785	-	1,785	1,541	-	1,541
Motion	4,594	-	4,594	3,726	-	3,726
Power Grids	-	(819)	(819)	-	1,839	1,839
Other non trading divisions	10,492	-	10,492	(8,829)	-	(8,829)
Operating profit	29,013	(819)	28,194	12,843	1,839	14,682
Investment income			-			8,885
Profit/(loss) on disposal of investments			74,660			(3,400)
Net interest			(2,498)			(2,373)
Other finance expense			(319)			(605)
Profit on ordinary activities before taxation			100,037			17,189

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

	2020	2019
	Total	Total
Net Assets	£000	£000
Industrial Automation	217,225	206,256
Electrification Products	36,690	27,719
Robotics	22,563	20,832
Motion	98,378	94,662
Power Grids	-	103,937
Other non trading divisions	(201,928)	(336,080)
Total	<u>172,928</u>	<u>117,326</u>

	2020			2019		
Turnover	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	£000	£000	£000	£000	£000	£000
UK	298,694	-	298,694	308,518	155,364	463,882
Rest of Europe	67,092	-	67,092	84,918	19,970	104,888
Rest of World	<u>26,619</u>	<u>-</u>	<u>26,619</u>	<u>32,363</u>	<u>718</u>	<u>33,081</u>
Total	<u>392,405</u>	<u>-</u>	<u>392,405</u>	<u>425,799</u>	<u>176,052</u>	<u>601,851</u>

	2020			2019		
Profit Before Tax	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	£000	£000	£000	£000	£000	£000
UK	21,260	(819)	20,441	9,306	1,623	10,929
Rest of Europe	5,878	-	5,878	2,560	209	2,769
Rest of World	<u>1,875</u>	<u>-</u>	<u>1,875</u>	<u>977</u>	<u>7</u>	<u>984</u>
Operating Profit	<u>29,013</u>	<u>(819)</u>	<u>28,194</u>	<u>12,843</u>	<u>1,839</u>	<u>14,682</u>

Net assets held outside the UK are not material

ABB LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2020**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2020 £000	2019 £000
Research & development charged as an expense	4,759	7,675
Depreciation of tangible fixed assets	7,235	6,279
Impairment of tangible fixed assets	413	-
Amortisation of intangible assets, including goodwill	51	100
Exchange differences	(283)	1,194
Defined contribution pension cost	6,655	8,193
Write-down stocks to net realisable value	525	367

6. OTHER INCOME STATEMENT ITEMS

	2020 £000	2019 £000
Impairment of investment	(3,782)	(3,400)
Profit on disposal of investment (see note 7)	78,442	-
	<u>74,660</u>	<u>(3,400)</u>

7. DISCONTINUED OPERATIONS

In December 2018, the Company announced an agreement to divest 80.1 percent of its Power Grids business to Hitachi Ltd. This has been presented as a discontinued operation within the accounts. To facilitate this divestment the Company transferred the trade, assets and liabilities of its Power Grids business to ABB Power Grids UK Limited, a wholly owned subsidiary of the Company on 1st October 2019. The value of net assets transferred was £9,559,000 and the Company received 9,559,000 ordinary shares of £1 in consideration. The divestment was completed on 17 July 2020, following the receipt of customary regulatory approvals, generating a profit on disposal of £78,442,000.

Results from discontinued operations have been separately disclosed on the face of the profit and loss in accordance with FRS 101.

8. AUDITORS' REMUNERATION

	2020 £000	2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>644</u>	<u>310</u>

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2020

9. EMPLOYEES

Staff costs, including Directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	82,993	103,970
Social security costs	10,786	12,976
Cost of defined benefit scheme	(37,535)	2,169
Cost of defined contribution scheme	6,655	8,193
	<u>62,899</u>	<u>127,308</u>

Included in the cost of defined benefit scheme is a pension plan amendment credit of £40,045,000 (2019:nil) relating to deferred or retired members.

The average monthly number of employees, including the Directors, during the year was as follows:

	2020 No.	2019 No.
Research and Development	28	37
Manufacturing and Installation Business	185	215
Engineering	450	605
Sales, Marketing, Consulting and Office Management	500	618
	<u>1,163</u>	<u>1,475</u>

In addition to the employees shown above there are 352 people (2019:350 people) whose costs have been recharged to other group companies.

The reduction in the average number of employees from the prior year is a consequence of the disposal of the Power Grids business to Hitachi Ltd.

ABB LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2020**10. DIRECTORS' REMUNERATION**

	2020 £000	2019 £000
Directors' emoluments	542	593
Company contributions to defined contribution pension schemes	48	62
	<u>590</u>	<u>655</u>

During the year retirement benefits were accruing to 3 Directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £215,000 (2019 - £295,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £26,000 (2019 - £nil).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid Director amounted to £nil (2019 - £nil).

During the year 1 director received shares under the long term incentive schemes (2019 - 1)

11. INCOME FROM INVESTMENTS

	2020 £000	2019 £000
Income from fixed asset investments	-	(8,885)
	<u>-</u>	<u>(8,885)</u>

12. INTEREST RECEIVABLE

	2020 £000	2019 £000
Interest receivable from group companies	5	760
Bank interest receivable	-	11
Other interest receivable	22	533
	<u>27</u>	<u>1,304</u>

ABB LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2020**13. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020 £000	2019 £000
Other loan interest payable	9	-
Loans from group undertakings	1,611	3,064
Finance leases and hire purchase contracts	754	-
Interest on lease liabilities	151	613
	<u>2,525</u>	<u>3,677</u>

14. OTHER FINANCE COSTS

	2020 £000	2019 £000
Interest income on pension scheme assets	22,552	29,266
Net interest on net defined benefit liability	(22,871)	(29,871)
	<u>(319)</u>	<u>(605)</u>

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

15. TAXATION

	2020 £000	2019 £000
CORPORATION TAX		
Current tax on profits for the year	18	(15)
	<u>18</u>	<u>(15)</u>
Group taxation relief	169	(132)
	<u>187</u>	<u>(147)</u>
FOREIGN TAX		
Foreign tax on income for the year	(76)	(18)
	<u>(76)</u>	<u>(18)</u>
TOTAL CURRENT TAX	<u>111</u>	<u>(165)</u>
DEFERRED TAX		
Origination and reversal of timing differences	4,969	4,230
Changes to tax rates	(1,716)	-
Adjustments in respect of prior periods	(155)	-
TOTAL DEFERRED TAX	<u>3,098</u>	<u>4,230</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>3,209</u>	<u>4,065</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

15. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	100,037	17,189
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	19,007	3,265
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	912	858
Capital allowances for year in excess of depreciation	108	374
Utilisation of tax losses	-	9,444
Adjustments to tax charge in respect of prior periods	31	117
Difference between current and deferred tax rate	(1,792)	(991)
Non-taxable income	(14,903)	(1,688)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	47
Other tax adjustment, relief and transfers	(154)	1,088
Deferred tax not recognised	-	(8,449)
TOTAL TAX CHARGE FOR THE YEAR	3,209	4,065

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Company has tax trading losses arising and carried forward in the UK of £56,460,860 (2019: £30,887,297) which are available indefinitely for offset against future taxable profits of the businesses in which the losses originally arose. It also has tax capital losses arising and carried forward in the UK of £34,612,122 (2019: £34,662,000) which are available indefinitely for offset against future capital gains in any part of the UK group.

During the year the Company has transferred tax trading losses of £nil (2019: £8,440,000) as part of the transfer of trade and assets to ABB Power Grids UK limited on 10 October 2019.

The Company has transferred in tax trading losses in the UK of £752,357 (2019: £nil) arising as a result of the hive up of the trade of IMV Invertomatic Victron UK Limited on 1 October 2020.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax asset as at 31 December 2020 was calculated at 19% (2019: 17%).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly and increase the deferred tax asset by £6,632,530 (for ABB Ltd)

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2020

16. GOODWILL

	2020 £000	2019 £000
Cost and Net book value	<u>13,830</u>	<u>13,830</u>

Goodwill acquired through business combinations has been allocated to cash generating units, which are also operating segments. These represent the lowest level within the Company at which goodwill is monitored for internal management purposes.

The recoverable amount of the units has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the board covering a three year period.

17. INTANGIBLE ASSETS

	Computer software £000
COST	
At 1 January 2020	10,593
Additions - external	29
Disposals	(22)
At 31 December 2020	<u>10,600</u>
AMORTISATION	
At 1 January 2020	10,480
Charge for the year on owned assets	51
On disposals	(22)
At 31 December 2020	<u>10,509</u>
NET BOOK VALUE	
At 31 December 2020	<u>91</u>
At 31 December 2019	<u>113</u>

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

18. TANGIBLE FIXED ASSETS

	Land and buildings £000	Plant and machinery £000	Total £000
COST OR VALUATION			
At 1 January 2020	32,541	42,956	75,497
Additions	1,660	6,413	8,073
Disposals	(5,616)	(6,395)	(12,011)
Transfers between classes	9,253	(9,253)	-
At 31 December 2020	37,838	33,721	71,559
DEPRECIATION			
At 1 January 2020	4,207	23,642	27,849
Charge for the year on owned assets	427	1,512	1,939
Charge for the year on right-of-use assets	2,059	3,238	5,297
Disposals	(760)	(5,391)	(6,151)
Impairment charge	413	-	413
At 31 December 2020	6,346	23,001	29,347
NET BOOK VALUE			
At 31 December 2020	31,492	10,720	42,212
At 31 December 2019	28,334	19,314	47,648

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	2020 £000	2019 £000
Tangible fixed assets owned	24,119	24,744
Right-of-use tangible fixed assets	18,093	22,904
	42,212	47,648

ABB LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2020**18. TANGIBLE FIXED ASSETS (CONTINUED)**

Information about right-of-use assets is summarised below:

Net book value

	2020 £000	2019 £000
Property	14,763	15,159
Plant and machinery	3,330	7,745
	<u>18,093</u>	<u>22,904</u>

Depreciation charge for the year ended

	2020 £000	2019 £000
Property	(2,060)	(871)
Plant and machinery	(3,237)	(3,884)
	<u>(5,297)</u>	<u>(4,755)</u>

Additions to right-of-use assets

	2020 £000	2019 £000
Additions to right-of-use assets	<u>4,694</u>	<u>730</u>

ABB LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2020**19. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £000
COST OR VALUATION	
At 1 January 2020	180,881
Additions	1,409
Disposals	(112,691)
At 31 December 2020	<u>69,599</u>
IMPAIRMENT	
At 1 January 2020	123,755
Charge for the period	3,782
Impairment on disposals	(103,133)
At 31 December 2020	<u>24,404</u>
NET BOOK VALUE	
At 31 December 2020	<u><u>45,195</u></u>
At 31 December 2019	<u><u>57,126</u></u>

During the year, the carrying value of the Company's investments are reviewed to determine whether there is an indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. Any change in value is measured as an impairment through the Profit and Loss.

A number of subsidiaries which were held at nil net book value have been written off cost and impairment on disposal in the year.

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2020

19. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

Details of the investments included above in which the Company directly or indirectly holds more than 20% of the nominal value of any class of share capital are as follows:

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Dynamotive Limited	Daresbury Park, Daresbury, Warrington, Cheshire WA4 4BT	Ordinary	100%
Cable Management Products Limited	27/28 Eastcastle Street, London, W1W 8DH	Ordinary	100%
ABB Service Limited	Daresbury Park, Daresbury, Warrington, Cheshire WA4 4BT	Ordinary	100%
ABB Installation Products Limited	27/28 East Castle Street, London W1 8DH	Ordinary	100%
Cyclon Controls (UK) Limited	1st Floor Templeback, 10 Temple Back, Bristol, BS1 6FL	Ordinary	100%

20. STOCKS

	2020 £000	2019 £000
Raw materials	13,166	12,154
Work in progress (goods to be sold)	14,278	4,099
Finished goods and goods for resale	9,573	15,546
	<u>37,017</u>	<u>31,799</u>

ABB LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2020**21. DEBTORS**

	2020 £000	2019 £000
DUE AFTER MORE THAN ONE YEAR		
Other debtors	433	677
Deferred tax asset	21,003	14,430
Financial instruments	3	15
	<u>21,439</u>	<u>15,122</u>
	2020 £000	2019 £000
DUE WITHIN ONE YEAR		
Trade debtors	84,563	82,371
Receivables from contracts with customers	5,368	6,116
Amounts owed by group undertakings	77,509	71,151
Other debtors	1,329	893
Prepayments and accrued income	6,017	20,316
Tax recoverable	1,068	3,157
Financial instruments	545	1,197
	<u>176,399</u>	<u>185,201</u>

Included in receivables from contracts with customers are £5,368,000 (2019: £6,116,000) in respect of construction contracts.

No interest is charged on amounts owed by group undertakings as these are trading balances which will settle within two months.

22. CASH AND CASH EQUIVALENTS

	2020 £000	2019 £000
Cash at bank and in hand	518	2,428
	<u>518</u>	<u>2,428</u>

ABB LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2020**23. CREDITORS: Amounts falling due within one year**

	2020 £000	2019 £000
Payments received on account	17,170	39,921
Trade creditors	22,062	11,597
Amounts owed to group undertakings	45,545	64,435
Other taxation and social security	13,018	15,000
Lease liabilities	2,767	3,131
Other creditors	643	2,027
Accruals	27,616	25,798
Financial instruments	527	694
	<u>129,348</u>	<u>162,603</u>

Included in payments received on account is £1,261,000 (2019: £2,778,000) in respect of construction contracts. Advances received from customers for contract work amounted to £13,000 (2019: £843,000).

No interest is charged on amounts owed by group undertakings as these are trading balances which will settle within two months.

24. CREDITORS: Amounts falling due after more than one year

	2020 £000	2019 £000
Lease liabilities	15,690	21,250
Financial instruments	5	46
	<u>15,695</u>	<u>21,296</u>

ABB LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2020**25. LEASES****Company as a lessee**

The Company leases property, motor vehicles and plant and machinery.

Lease liabilities are due as follows:

	2020 £000	2019 £000
Not later than one year	2,767	3,131
Between one year and five years	5,312	8,802
Later than five years	10,377	12,448
	<u>18,456</u>	<u>24,381</u>

Contractual undiscounted cash flows are due as follows:

	2020 £000	2019 £000
Not later than one year	3,738	4,865
Between one year and five years	6,524	7,195
Later than five years	21,322	22,175
	<u>31,584</u>	<u>34,235</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2020 £000	2019 £000
Interest expense on lease liabilities	<u>151</u>	<u>613</u>

26. DEFERRED TAXATION

	2020 £000
At beginning of year	14,430
Charged to profit or loss	(3,098)
Charged to other comprehensive income	9,670
AT END OF YEAR	<u><u>21,002</u></u>

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

26. DEFERRED TAXATION (CONTINUED)

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	1,946	1,202
Tax losses carried forward	10,728	5,251
Pension surplus	8,220	7,935
Other timing differences	109	42
	<u>21,003</u>	<u>14,430</u>

27. PROVISIONS

	Restructuring Provision £000	Warranty Provision £000	Other provision £000	Total £000
At 1 January 2020	637	2,602	2,124	5,363
Charged to profit or loss	3,937	1,675	1,013	6,625
Utilised in year	(2,843)	(1,797)	(125)	(4,765)
AT 31 DECEMBER 2020	<u>1,731</u>	<u>2,480</u>	<u>3,012</u>	<u>7,223</u>

28. SHARE CAPITAL

	2020 £000	2019 £000
Allotted, called up and fully paid		
120,000,000 (2019 - 120,000,000) Ordinary shares shares of £1.00 each	<u>120,000</u>	<u>120,000</u>

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2020

29. PENSION COMMITMENTS

The Company operates a defined contribution and defined benefit schemes..

The defined contribution pension scheme designed to provide retirement benefits for the majority of its employees. Contributions to the defined contribution pension scheme were £6,655,680 (2019: £8,192,675).

In addition, the Company operates two defined benefit pension schemes. The ABB Plan and the Fischer & Porter Limited Pension and Life Assurance Fund. Both these schemes are funded externally under the supervision of the board of Trustees for each scheme.

Total annual contributions to the schemes are based on independent actuarial advice, and are gauged to fund future pension liabilities (including projected increases in earnings and pensions) in respect of service up to the balance sheet date.

Company contributions into the ABB Plan were £48,516m, significantly higher than prior year (£5,291m). £5,516m was in respect of recovery plan contributions. £3m was in respect of a payment towards the increased liabilities due to GMP equalization. £40m was in respect of a mitigation payment in relation to the weakening of the Company covenant due to the sale of the Power Grids division.

On 20 November 2020, the High Court ruled that individual transfer payments made since 17 May 1990 would need to be equalised for the effects of GMP. This judgement followed on from the previous judgement on 26 October 2018, which has previously been allowed for in accounting disclosures, where the High Court ruled that schemes had a legal obligation to pay benefits allowing for GMP equalization. The previous judgement had not considered historical transfer values. Allowing for available data, together with an assumed level of transfers for missing data, leads us to an approximately impact of £0.5m for the ABB Plan and £0.025m for the F&P Fund being recognised as a past service cost for the ABB Plan and F&P Fund in 2021.

The schemes are subject to independent actuarial valuation at least every three years. Valuations for The ABB Plan and the Fischer and Porter Limited Pension and Life Assurance Fund were last carried out on 6 April 2020 and 1 January 2019 respectively and both have been updated to 31 December 2020 by qualified independent actuaries.

These schemes are subject to an independent actuarial valuation at least every three years.

The estimated actuarial consolidated valuation at 31 December 2020 showed a deficit of £11,509,000 (2019: deficit £46,679,000). The service cost has been calculated using the projected unit method.

For the ABB Plan the last valuation was carried out 6 April 2020. The accounting funding update at 31 December 2020 showed a deficit of £17,839,000 (2019: £54,303,000).

For the Fischer & Porter Limited Pension and Life Assurance Fund the last valuation was carried out 1 January 2019. The accounting update at 31 December 2020 showed a surplus of £6,330,000 (2019: surplus of £7,622,000).

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

29. PENSION COMMITMENTS (CONTINUED)

Reconciliation of present value of plan liabilities:

	2020 £000	2019 £000
RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES		
At the beginning of the year	46,679	28,910
Current service cost	2,510	2,169
Interest income	(22,552)	(29,266)
Interest cost	22,871	29,871
Actuarial gains/losses	52,188	18,500
Contributions	(48,851)	(5,921)
Past service cost	(40,045)	-
Derecognition of surplus	(1,291)	2,416
AT THE END OF THE YEAR	11,509	46,679

Under the Rules of the ABB Plan, certain pension increases are linked to an index of inflation selected by the employer. Following legal advice, the Company proposed to the Trustees of the Plan that certain pension increases in payment would change to be linked to CPI rather than RPI with effect from April 2021. The approximate reduction in liabilities arising as a result of these changes is £40.5m and are recognized as a Plan amendment as at 31 December 2020.

Composition of plan assets:

	2020 £000	2019 £000
Equity securities	196,329	194,334
Debt securities	888,891	824,138
Real estate	80,923	128,560
Cash and cash equivalents	62,548	-
Insurance policies	15,000	-
Other	29,827	2,875
TOTAL PLAN ASSETS	1,273,518	1,149,907

The valuation of insurance policies is taken from the latest actuarial valuation dated 6 April 2020. The Value of these annuities is equal to the corresponding liabilities and the net balance sheet impact is Nil.

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

29. PENSION COMMITMENTS (CONTINUED)

	2020 £000	2019 £000
Market value of assets	1,273,518	1,149,907
Present value of scheme liabilities	(1,278,698)	(1,188,966)
Irrecoverable surplus	(6,329)	(7,620)
NET PENSION SCHEME LIABILITY	(11,509)	(46,679)

The amounts recognised in profit or loss are as follows:

	2020 £000	2019 £000
Current service cost	139	232
Accrual of expected future admin costs	2,371	1,937
Interest on obligation	22,871	29,871
Interest income on plan assets	(22,552)	(29,266)
Past service cost	(40,045)	-
TOTAL	(37,216)	2,774

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For the Year Ended 31 December 2020

29. PENSION COMMITMENTS (CONTINUED)

Change in actuarial value of plan liabilities were as follows:

	2020 £000	2019 £000
Opening defined benefit obligation	1,188,966	1,107,624
Current service cost	139	232
Interest cost	22,871	29,871
Contributions by scheme participants	-	27
Actuarial gains and (losses)	161,791	116,800
Past service costs	(40,045)	-
Insurance policies	15,000	-
Benefits paid	(70,024)	(65,588)
CLOSING DEFINED BENEFIT OBLIGATION	1,278,698	1,188,966

Change in plan assets were as follows:

	2020 £000	2019 £000
Opening fair value of scheme assets	1,149,907	1,083,918
Interest income on plan assets	22,552	29,266
Actuarial gains and (losses)	109,603	98,300
Contributions by employer	48,851	5,921
Contributions by scheme participants	-	27
Insurance policies	15,000	-
Benefits paid	(70,024)	(65,588)
Administrative costs paid	(2,371)	(1,937)
	1,273,518	1,149,907

The employer will contribute £35,000,000 to the defined benefit scheme by 31 December 2021. An allowance for Plan expenses and annual levies payable to the Pension Protection Fund is included in the contributions to the Defined Benefit section.

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy and in accordance with the Company's policy for similarly held assets, except for the annuities which are valued in line with the proportion of the Defined benefit obligation they cover. This includes the use of appropriate valuation techniques.

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29. PENSION COMMITMENTS (CONTINUED)

	2020 £000	2019 £000
ANALYSIS OF ACTUARIAL LOSS RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Actual return less interest income included in net interest income	(109,603)	(98,300)
Experience gains and losses arising on the scheme liabilities	11,911	(5,726)
Changes in assumptions underlying the present value of the scheme liabilities	149,880	122,526
Amount not recognised	(1,291)	2,416
	<u>50,897</u>	<u>20,916</u>

The major assumptions used in the defined benefit schemes for IAS19 purposes were as follows:

	2020	2019
Discount rate (ABB Plan)	1.37%	1.98%
Discount rate (F&P Plan)	1.32%	1.95%
Future salary increases	3.75%	3.75%
Future pension increases	2.90%	2.85%
Increase in deferred pensions	2.55%	2.25%
Inflation assumption	3.00%	3.00%
Mortality rates (ABB Plan)		
- for a male aged 65 now	22.5 years	22.2 years
- at 65 for a male aged 45 now	23.8 years	23.6 years
- for a female aged 65 now	23.6 years	23.5 years
- at 65 for a female member aged 45 now	25.1 years	25.0 years

The discount rate used for the calculation of the Defined benefit obligation are set equal to those used for group accounting under USGAAP. The discount rates are materially consistent under FRS101 and USGAAP.

No adjustments have been to mortality assumptions at year end to reflect the potential effects of Covid-19 as the actual plan experience is not yet available and as it is too soon to make a judgement on the impact of the pandemic on future mortality improvements.

The UK Statistics Authority and Government responded to a consultation on potential reforms to RPI in November 2020, confirming that from February 2030 increases in RPI will be aligned with CPIH (which is broadly similar to CPI except with an allowance for housing costs). Following advice from the Company's actuaries, there was a reassessment of the assumed future difference between RPI and CPI measures of price inflation. This has been adjusted from a difference of 0.75% p.a. as at the prior year-end to a gap of 0.45% p.a. at this year-end.

This has resulted in an estimated actuarial loss of £12million being recognised within the other actuarial gains and losses within the other comprehensive income.

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The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	2020 £000	2019 £000
Discount rate increase of 0.25%	(52,076)	(46,200)
Discount rate decrease of 0.25%	55,530	54,700

30. OTHER FINANCIAL COMMITMENTS

At 31 December 2020 the Company had entered into commitments to buy/sell foreign currencies in future months amounting to £15,535,843 (2019: £19,056,800).

31. CONTINGENT LIABILITIES

At 31 December 2020 there were no outstanding contingent liabilities in respect of the Company (2019: £nil), other than the matters detailed below:

Guarantees related to contracts

In accordance with industry practice guarantees of performance under contracts with customers and under offers on tenders are given. Such guarantees can, in the normal course, extend from the tender period until the final acceptance by the customer, or the end of the warranty period and may include guarantees on project completion, of contract specific defined performance criteria or plant availability.

The guarantees are provided by banks or surety companies by way of performance bonds, surety bonds and letters of credit and are normally for defined amounts and periods. At 31 December 2020, these guarantees amounted to £16,422 (2019: £73,518,300). The Company provides a counter indemnity to the bank or surety company.

Projects for which the guarantees are given are regularly reviewed by management and when it becomes probable that payments pursuant to performance guarantees will be required to be made, accruals are recorded in the financial statements at that time.

Suspect payments

As a result of an internal investigation, the Company self-reported to the Securities and Exchange Commission (SEC) and the Department of Justice (DoJ) in the United States as well as the Serious Fraud Office (SFO) in the United Kingdom concerning certain past dealings with Unaoil and its subsidiaries, including alleged improper payments made by these entities to third parties. In May 2020, the SFO closed its investigation, which it originally announced in February 2018, as the case did not meet the relevant test for prosecution. The Company continues to cooperate with the U.S. authorities as requested. At this time, it is not possible for the Company to make an informed judgement about the outcome of this matter.

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NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2020

32. EMPLOYEE INCENTIVE PLANS

The ABB Group has three share-based employee incentive plans applying to employees of the UK group as described below. All the incentive plans are run and administered by companies in the ABB Group, outside of the UK group.

Management Incentive Plan (MIP))

Under the MIP, share warrants or options and warrant appreciation rights (WARs) are offered to key employees for no consideration. Each launch of the MIP is approved by the Board of Directors of the ultimate parent company, ABB Ltd.

Warrants and options granted under the MIP allow participants to purchase shares of ABB Ltd at predetermined prices. Participants may sell the warrants or options rather than exercise the right to purchase shares. Equivalent warrants are listed by a third party bank on the SWX Swiss Exchange, which facilitates pricing and transferability of warrants granted under this plan. The options entitle the holder to request that a third party bank purchase such options at the market price of equivalent listed warrants related to that MIP launch. If the participant elects to sell the warrants or options on the market rather than exercise the right to purchase shares, the instruments may then be held by a non-employee of ABB Ltd. Each WAR gives the participant the right to receive, in cash, the market price of a warrant on the date of exercise of the WAR. The WARs are non-transferable.

Participants may exercise or sell warrants and options and exercise WARs after the vesting period, which is three years from the date of grant. Vesting restrictions can be waived in certain circumstances such as death or disability. All warrants, options and WARs expire six years from the date of grant. As the primary trading market for shares of ABB Ltd is the SWX Swiss Exchange (virt-x), the exercise prices of warrants and options and the trading prices of equivalent warrants listed on the SWX Swiss Exchange are denominated in Swiss francs. Accordingly, exercise prices are presented below in Swiss francs.

ABB Limited in the UK receives a charge for the costs (the initial fair value of the awards and the administrative costs) of providing the MIP to employees of the UK group. If an employee forfeits the awards during the vesting period, ABB Limited in the UK receives a credit note for the charges previously paid. If an employee is transferred to/from another country during the vesting period, ABB Limited in the UK receives a credit note/invoice for the respective portion of the initial charge. A charge of £72,240 is included in administration costs in 2020 (2019: £487,149).

Warrants and Options

Presented below is a summary of the activity related to warrants and options of the company's employees for the years ended 31 December 2020 and 2019:

	Number of warrants or options	Number of shares (1)	Weighted- average exercise price (in swiss francs) (2) (3)	Weighted- average remaining contractual term (in years) (3)	Aggregate intrinsic value (in thousands of Swiss francs)(4)
2020					
Outstanding at 1 January	6,252,950	1,250,950	21	4	-
Forfeited	(243,315)	(48,663)	-	-	-
Expired	(2,230,070)	(446,014)	-	-	-
Sold	(1,055,920)	(211,184)	21	-	-
Employees transferred in	159,375	31,875	-	-	-
Employees transferred out	(1,110,000)	(222,000)	-	-	-
Outstanding at 31 December	<u>1,773,020</u>	<u>354,964</u>	<u>21</u>	<u>4</u>	<u>-</u>
Exercisable at 31 December	<u>54,613</u>	<u>54,613</u>	<u>22</u>	<u>2</u>	<u>-</u>

ABB LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2020

	Number of warrants or options	Number of shares (1)	Weighted- average exercise price (in swiss francs) (2) (3)	Weighted- average remaining contractual term (in years) (3)	Aggregate intrinsic value (in thousands of Swiss francs)(4)
2019					
Outstanding at 1 January	7,108,005	1,421,601	20	-	-
Granted	1,691,205	338,241	19	2	-
Sold	(2,546,260)	(509,252)	19	-	-
Outstanding at 31 December	<u>6,252,950</u>	<u>1,250,590</u>	<u>21</u>	<u>4</u>	<u>-</u>
Exercisable at 31 December	<u>864,355</u>	<u>322,447</u>	<u>21</u>	<u>2</u>	<u>-</u>

(1) Information presented reflects the number of shares of ABB Ltd that warrant holders can receive upon exercise. Warrants and options have a conversion ratio of 5:1.

(2) Information presented reflects the exercise price per share of ABB Ltd.

(3) Information presented is weighted on the number of shares.

(4) Computed using the closing price, in Swiss francs, of ABB Ltd shares on the SWX Swiss Exchange (virt-x) and the exercise share price of ABB limited.

The aggregate fair value at date of grant of warrants and options granted in was CHF nil (2019: CHF 623,290). This is the basis of the charge received by ABB Limited in the UK. The range of exercise prices for warrants and options outstanding at 31 December 2020 was CHF 19.00 – CHF23.50 (2019: CHF 19.00 – CHF 23.5).

The fair value of each warrant or option is estimated on the date of grant using a lattice model that uses assumptions noted in the table below. Expected volatilities are based on implied volatilities from traded warrants and options on ABB Ltd's shares. The risk-free rate is based on a six-year Swiss Franc interest rate, reflecting the contractual life of the warrants and options. The maximum term of options granted is 6 years. No warrants or options were granted in 2020.

	2020 grant	2019 grant
Expected volatility	-	19.4%
Dividend yield	-	4.7%
Expected term	-	6 years
Risk-free interest rate	-	-0.8%

WARs

Presented below is a summary of WAR activity of the company's employees for the years ended 31 December 2020 and 2019

	2020 £000	2019 £000
Outstanding at 1 January	-	320,440
Exercised during the year	-	(320,440)

As a WAR gives its holder the right to receive in cash the market price of a warrant, the fair value of a WAR on grant date equals that of a warrant. There were no WARS granted in either the current or prior year.

The aggregate fair value of outstanding WARS at 31 December 2020 was nil £ (2019: £nil). The fair value of WARS was determined based upon the trading price of equivalent warrants listed on the SIX Swiss Exchange.

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Employee Share Acquisition Plan (ESAP)

The ESAP is an employee share option plan with a savings feature. Employees save over a twelve-month period, by way of monthly salary deductions. At the end of the savings period, employees choose whether to exercise their share options using their savings plus interest to buy ABB Ltd shares at the exercise price set at the grant date, or have their savings returned with interest. The savings are accumulated in a bank account held by a third party trustee on behalf of the participants and earn interest. Employees can withdraw from the ESAP at any time during the savings period and will be entitled to a refund of their accumulated savings.

ABB Limited in the UK receives a charge for the costs of providing ESAP to employees of the UK group. The costs approximate the difference between the exercise price and market price of the ABB Ltd share at vesting, as well as administrative costs. Charges of £16,422 are included in administration costs in 2020 (2019: £18,604).

Presented below is a summary of activity under the ESAP during the years ended 31 December 2020 and 2019

	Number of shares	Weighted average exercise price (in Swiss francs)	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in thousands of Swiss francs) (1)
2020				
Outstanding at 1 January	36,200	21	1	0
Transfers	630	21	-	-
Granted during the year	35,910	23	-	-
Forfeited during the year	(2,950)	21	-	-
Exercised during the year	(14,336)	21	-	-
Not exercised (savings returned plus interest) during the year	(19,544)	21	-	-
Outstanding at 31 December	<u>35,910</u>	<u>23</u>	<u>1</u>	<u>0</u>
Vested and expected to vest at 31 December	<u>35,910</u>	23	-	-
Exercisable at 31 December	<u>35,910</u>		-	-
	Number of shares	Weighted average exercise price (in Swiss francs)	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in thousands of Swiss francs) (1)
2019				
Outstanding at 1 January	63,630	20	1	0
Transfers	270	20	-	-
Granted during the year	36,200	21	-	-
Forfeited during the year	(4,480)	20	-	-
Exercised during the year	(5,214)	20	-	-
Not exercised (savings returned plus interest) during the year	(54,206)	20	-	-
Outstanding at 31 December	<u>36,200</u>	<u>20</u>	<u>1</u>	<u>0</u>
Vested and expected to vest at 31 December	<u>36,200</u>	20	-	-
Exercisable at 31 December	<u>36,200</u>		-	-

(1) Computed using the closing price, in Swiss francs, of ABB Ltd shares on the SWX Swiss Exchange (virt-x) and the exercise price of each option in Swiss francs.

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For the Year Ended 31 December 2020
Long Term Incentive Plan (LTIP)

The long term incentive plan (LTIP) involves annual grants of the Company's stock subject to certain conditions (Performance Shares) to members of the Company's Executive Committee and selected other senior executives, as defined in the terms of the LTIP. In 2020, certain of the employee group previously eligible to receive grants under the MIP are now included in the LTIP. The ultimate amount delivered under the LTIP's Performance Shares grant is based on achieving certain results against targets, as set out below, over a three-year period from grant and the final amount is delivered to the participants at the end of this period. In addition, for certain awards to vest, the participant has to fulfill a three-year service condition as defined in the terms and conditions of the LTIP.

The Performance Shares under the 2020, 2019 and 2018 LTIP launches include a performance component, based on the Company's earnings per share performance, and a market component, based on the Company's relative total shareholder return.

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

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

	2020	Number of shares granted	Number of shares conditionally granted	Weighted average grant date fair value per share (Swiss Francs)
Non vested at 1 January		-	-	-
Granted during the year		20,384	6,157	18
Forfeited during the year		-	-	-
Vested during the year		-	-	-
Non vested at 31 December		<u>20,384</u>	<u>6,157</u>	

33. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by IAS 24 in that transactions with other wholly owned group companies are not disclosed, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

34. CONTROLLING PARTY

The immediate parent company is ABB Holdings Limited. The ultimate holding company is ABB Ltd, a company incorporated in Switzerland. This is the largest and smallest group in which ABB Limited is consolidated. A copy of the accounts can be obtained from PO Box 8131, CH-8050, Zurich, Switzerland.