

ABB INDIA LIMITED

POLICY ON DETERMINATION OF MATERIALITY OF AN EVENT/INFORMATION

1. Purpose and Objective:

ABB India Limited ("the Company"), being a listed entity, is obliged to comply with disclosures of any material events or information under and in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("the Regulations").

This Policy is framed by the Board of Directors of the Company ("the Board") for the determining the materiality of events or information that warrants disclosure pursuant to and in accordance with the Regulations.

2. Definitions:

In this policy unless the context otherwise requires

- a) "Act" means Companies Act, 2013 and rules made thereunder, as amended from time to time.
- b) "Board" means Board of Directors of ABB India Limited
- c) "Key Managerial Personnel" or "KMP" means Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or any such person as may be determined by the Board as KMP from time to time, and such other persons who may be prescribed to be KMP under the Companies Act, 2013.
- d) "Senior Management" shall mean the officers and personnel who are members of its core management team viz; the business division heads, the Chief Financial Officer, the Chief Human Resources Officer, the Company Secretary and General Counsel excluding the Board of Directors and comprise of following functional heads viz; Head of Communications, Head of Health, Safety and Environment, Head Real Estate, Head of Taxation, Head of Information Security, Head of Sustainability and CSR.

All other words and expressions used but not defined in this Policy, shall have the same meaning as defined in the Regulations and if not defined therein, then as per the Act or the Securities Contracts (Regulation) Act, 1956 and/or the rules and regulations made thereunder, or any statutory modification or re-enactment thereto as the case may be.

2. Disclosure of material events or information by the Company and authorization for determination of materiality and making disclosures:

2.1 The Company shall make a disclosure of all events specified in Para A of Part A of Schedule III to the Regulations which are reproduced in Annexure A to this Policy, such events being deemed to be material events and as such mandatorily required to be disclosed by it without applying the criteria for determination of materiality of events /information referred to in regulation 2.3 below.

2.2 The Company shall also make a disclosure of events specified in Para B of Part A of Schedule III to the Regulations which are reproduced in Annexure B to this Policy based on application of the guidelines for materiality as specified in 2.3 below.

2.3 The Company shall consider the following criteria for determination of materiality of events/ information:

- (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- (b) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;
- (c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - (i) two percent of turnover, as per the last audited consolidated financial statements of the listed entity;
 - (ii) two percent of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative;
 - (iii) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity;

2.4 In addition to the events / information referred to in paras 2.1 and 2.2 above, the Company shall also make a disclosure of any event(s) or information which, in the opinion of the Board, is considered material.

2.5 The Board has duly authorised following Key Managerial Personnel, namely, the Managing Director, the Company Secretary and the Chief Financial Officer, of the Company for the time being, jointly and severally to

- (a) review, assess and determine on behalf of the Company the materiality of any events or information,
- (b) determine the information or event that may require disclosure on the basis of facts and circumstances prevailing at a given point in time and make appropriate disclosures on behalf of the Company for such material events or information to the Stock Exchange(s) and of updated material developments on a regular basis till such time as the event is resolved / closed with relevant explanations,
- (c) to determine the appropriate time at which disclosures are to be made to the stock exchanges based on an actual time of occurrence of an event or information or depending on the emanating of event or information
- (d) provide specific and adequate reply on behalf of the Company to all queries raised by Stock Exchange(s) or provide explanation for the delay in disclosures, if any, with respect to any events or information, and
- (e) confirm or deny or clarify, on his / her / their own initiative, any reported event or information to the Stock Exchange(s)
- (f) deny or clarify any reported event or information in the mainstream media which is not general in nature and which indicates that rumours of an impending specific material event or information are circulated amongst the investing public, as soon as reasonably possible and not later than twenty hours from reporting of event or information.

2.6 Notwithstanding the provisions of para 2.5 above, the Company Secretary for the time being shall be the primary Key Managerial Personnel to make all disclosures to the Stock Exchange(s) required to be made in terms of the authority conferred under para 2.5 above and, in his absence for any reason, the Managing Director and / or the Chief Financial Officer shall then make all such disclosures to the Stock Exchange(s).

2.7 All disclosures made to the Stock Exchange(s) by the Company Secretary and, in his absence for any reason, shall be duly signed by the Chief Financial Officer or the Managing Director and dated.

3. Guidelines for assisting in identifying and determining any potential material event or information:

3.1 Materiality must be determined on a case-to-case basis depending on specific facts and circumstances relating to the information/event. The qualitative and quantitative criteria mentioned under para 2.3 above will be applicable for determining the materiality of event or information.

3.2 Where any employee of the Company has or acquires knowledge of an event or information which is, or is likely to be considered, of a material nature as envisaged by the Regulations or this Policy, such employee shall do the following:

- a) Access the intranet / SharePoint link of the Company by clicking on Questionnaire for identifying material event and answer the questionnaire to identify if any potential event/information is material and requires disclosure as per this Policy. This questionnaire is predominantly based on Annexure B of this Policy.
- b) Based on the response generated from such questionnaire, if such potential event/information is deemed material, then the employee is required to immediately notify the same with adequate supporting data/information to the concerned Divisional Manager who in turn shall promptly report the same to the Company Secretary or if not feasible, directly intimate any of the KMP's to determine materiality and facilitate prompt disclosures as per the timelines mentioned in para 4 of this Policy.

3.3 Where any employee is confronted with the question as to when an event/information can be said to have occurred (viz. timing), the answer would depend when an event or information has emanated or upon the stage of discussion, negotiation or approval. In instances where there is no such discussion, negotiation or approval required, for example in case of any acts of god or any disruptions etc., the occurrence would depend when the Company became aware of the event/information.

3.4 Should the Company Secretary, and in his absence for any reason, the Chief Financial Officer and/ or the Managing Director, after review of any such event or information conveyed to him as provided in this para , also consider that the same is of a material nature as envisaged by the Regulations or this Policy, he/she shall disclose the material event or information to the Stock Exchange(s) within the timeline prescribed in para 4 below or such timelines prescribed under the Regulations from time to time.

3.5 No media / public announcement/ publication shall be made by or on behalf of the Company of, or related to, a material event or information until after the same has been first approved by

the Company Secretary and, in his absence for any reason, by the Chief Financial Officer and/ or the Managing Director of the Company.

4. Timelines

The Company shall adhere to the statutory timelines for disclosure to the Stock Exchange(s) and first disclose to the stock exchange(s), all events or information which are material in terms of the provisions of this Policy as soon as reasonably possible and in any case not later than the following:

- (i) thirty minutes from the closure of the meeting of the Board in which the decision pertaining to the event or information has been taken;
- (ii) twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the Company;
- (iii) twenty-four hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company

The disclosure with respect to events for which timelines have been specified in Annexure A shall be made within such timelines. Delay, if any, shall be explained along with the disclosure.

5. Amendments to Policy:

This Policy may be amended by the Board from time to time if and when considered necessary, provided that no such amendments shall be valid or effective which are contrary to or inconsistent with the Regulations.

Any change in the Policy necessitated due to subsequent amendment / modification in the provisions of the Act or the Regulations and / or any other laws in this regard shall automatically apply to this Policy and any of the KMP's of the Company shall be authorized to give effect to such changes.

6. Hosting of information on the website of the Company:

This Policy, shall be hosted on the Company's website as per the provisions of the Regulations for a minimum period of five years in accordance with the Regulations.

7. Board approval:

This amended Policy as approved by the Board shall be effective from July 14, 2023.

Annexure A
SCHEDULE III
PART A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED
SECURITIES
[See Regulation 30]

The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange(s):

A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the listed entity or any other restructuring.

Explanation. -For the purpose of this sub-para, the word 'acquisition' shall mean-

- (i) acquiring control, whether directly or indirectly; or,
- (ii) acquiring or agreeing to acquire shares or voting rights in, a company, whether existing or to be incorporated, whether directly or indirectly, such that –
 - (a) the listed entity holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or;
 - (b) there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-para and such change exceeds two per cent of the total shareholding or voting rights in the said company; or
 - (c) the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in para 2.3 above.

Explanation (2) - For the purpose of this sub-paragraph, “sale or disposal of subsidiary” and “sale of stake in associate company” shall include-

- (i) an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the listed entity; or
- (ii) an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.

Explanation (3)- For the purpose of this sub-paragraph, “undertaking” and “substantially the whole of the undertaking” shall have the same meaning as given under section 180 of the Companies Act, 2013.

2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.

3. New Rating(s) or Revision in Rating(s).

4. Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:

- a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
- b) any cancellation of dividend with reasons thereof;
- c) the decision on buyback of securities;
- d) the decision with respect to fund raising proposed to be undertaken
- e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
- f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
- g) short particulars of any other alterations of capital, including calls;
- h) financial results;
- i) decision on voluntary delisting by the listed entity from stock exchange(s):

Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.

5A) Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the listed entity is a party to such agreements:

Provided that such agreements entered into by a listed entity in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or they are required to be disclosed in terms of any other provisions of these Regulations.

Explanation: For the purpose of this clause, the term “directly or indirectly” includes agreements creating obligation on the parties to such agreements to ensure that listed entity shall or shall not act in a particular manner.

6. Fraud or defaults by a listed entity, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the listed entity, whether occurred within India or abroad:

For the purpose of this sub-paragraph:

- (i) 'Fraud' shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- (ii) 'Default' shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Explanation 2- Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the listed entity.

7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), senior management, Auditor and Compliance Officer.

(7A) In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.

(7B) Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:

i) The letter of resignation along with detailed reasons for the resignation as given by the said director.

ia). Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.

ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.

iii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.

(7C) In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance

Officer or director shall be disclosed to the stock exchanges by the listed entities within seven days from the date that such resignation comes into effect.

(7D) In case the Managing Director or Chief Executive Officer of the listed entity was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).

8. Appointment or discontinuation of share transfer agent.

9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:

- (i) Decision to initiate resolution of loans/borrowings;
- (ii) Signing of Inter-Creditors Agreement (ICA) by lenders;
- (iii) Finalization of Resolution Plan;
- (iv) Implementation of Resolution Plan;
- (v) Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.

10. One time settlement with a bank.

11. Winding-up petition filed by any party / creditors.

12. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity.

13. Proceedings of Annual and extraordinary general meetings of the listed entity.

14. Amendments to memorandum and articles of association of listed entity, in brief.

15 . (a) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations made by the listed entity to analysts or institutional investors.

Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.

(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:

(i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;

(ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:

The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022.

16. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:

a) Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;

b) Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;

c) Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable ;

d) Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;

e) List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;

f) Appointment/ Replacement of the Resolution Professional;

g) Prior or post-facto intimation of the meeting of Committee of Creditors;

h) Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;

i) Number of resolution plans received by Resolution Professional;

j) Filing of resolution plan with the Tribunal;

k) Approval of resolution plan by the Tribunal or rejection, if applicable;

l) Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:

(i) Pre and Post net-worth of the company;

(ii) Details of assets of the company post CIRP;

(iii) Details of securities continuing to be imposed on the companies' assets;

(iv) Other material liabilities imposed on the company;

(v) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;

(vi) Details of funds infused in the company, creditors paid-off;

(vii) Additional liability on the incoming investors due to the transaction, source of such funding etc.;

(viii) Impact on the investor –revised P/E, RONW ratios etc.;

(ix) Names of the new promoters, key managerial persons(s), if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;

(x) Brief description of business strategy.

m) Any other material information not involving commercial secrets.

n) Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;

o) Quarterly disclosure of the status of achieving the MPS;

p) The details as to the delisting plans, if any approved in the resolution plan.

17. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:

a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;

b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.

18. Announcement or communication through social media intermediaries or mainstream media by directors, promoters, Key Managerial Personnel or Senior Management of the Company, in relation to any event or information which is material for the Company in terms of regulation 30 of these regulations and is not already made available in the public domain by the Company.

Explanation – “social media intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

19. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the Company, in respect of the following:

(a) search or seizure; or

(b) re-opening of accounts under section 130 of the Companies Act, 2013; or

(c) investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the following details pertaining to the actions(s) initiated, taken or orders passed:

i. name of the authority;

ii. nature and details of the action(s) taken, initiated or order(s) passed;

iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;

iv. details of the violation(s)/contravention(s) committed or alleged to be committed;

v. impact on financial, operation or other activities of the Company, quantifiable in monetary terms to the extent possible.

20. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, Key Managerial Personnel, Senior Management, promoter or subsidiary, in relation to the Company, in respect of the following:

- (a) suspension;
- (b) imposition of fine or penalty;
- (c) settlement of proceedings;
- (d) debarment;
- (e) disqualification;
- (f) closure of operations;
- (g) sanctions imposed;
- (h) warning or caution; or (i) any other similar action(s) by whatever name called; along with the following details pertaining to the actions(s) initiated, taken or orders passed:
 - i. name of the authority;
 - ii. nature and details of the action(s) taken, initiated or order(s) passed;
 - iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;

Annexure B
SCHEDULE III
PART A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED
SECURITIES
[See Regulation 30]

B. Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30):

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. (a) arrangements for strategic, technical, manufacturing, or marketing tie-up, or
(b) adoption of new lines of business or
(c) closure of operations of any unit/division or subsidiary (in entirety or in piecemeal).
3. Capacity addition or product launch.
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
5. Agreements (viz. loan agreement(s) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
6. Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
7. Effect(s) arising out of change in the regulatory framework applicable to the listed entity.
8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the Company.
9. Fraud/defaults etc. by employees of the listed entity which has or may have an impact on the Company.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.

C. Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.

D. Without prejudice to the generality of para (A), (B) and (C) above, the Company may make disclosures of event/information as specified by the Board from time to time.