

# UK Tax Strategy

ABB seeks to comply with all applicable laws and regulations in the countries where it operates. This is no different when it comes to taxation. ABB acts as a responsible global corporate tax citizen in compliance with applicable tax law and regulations.

## Introduction

This tax strategy document applies to ABB Holdings Limited and all the UK legal entities within the ABB group (the “UK Group”).

The publication of this UK strategy statement is regarded as satisfying the requirements of Schedule 19 of the Finance Act 2016.

This tax strategy document is effective for the financial year ending 31 December 2021. The tax strategy statement is reviewed annually and updated as necessary.

## Risk Management and Governance

Overall responsibility for governance and tax risk management rests with the Head of Group Function, Corporate Taxes (the “Tax Function”).

The Tax Function is organized as a global Center of Expertise, which allows ABB to invest in continuing professional development, apply standardized processes and a consistent tax policy that is used to steer all tax considerations. The Tax Function ensures that expertise and guidance is available for all major tax disciplines and jurisdictions.

ABB’s tax team is part of the Finance function, which reports to the Group’s Chief Financial Officer and indirectly to Chief Executive Officer, the Board of Directors and Finance Audit and Compliance Committee.

The UK Group is within the scope of the UK Senior Accounting Officer (“SAO”) legislation and the SAO is responsible for ensuring the UK Group establishes and maintains appropriate accounting and tax compliance arrangements.

ABB is also aware of its responsibilities under the Corporate Criminal Offence legislation and continues to actively manage the risk of failing to prevent the facilitation of tax evasion.

## Tax Planning

ABB does not enter into any aggressive tax planning or support the use of artificial structures that are established solely to avoid paying tax and have no business purpose. ABB’s tax planning is aligned with its commercial business and economic activities.

ABB actively engages in and supports the development of a rules-based international tax framework. ABB looks to tax policy makers to implement international tax reforms in a coherent, coordinated way so that there is a level playing field and the risk of paying tax twice on the same income is minimized. In particular, ABB supports the OECD international tax reform work on Base Erosion and Profit Shifting (BEPS).

ABB is committed to maintaining an open and honest dialogue with regulators. It is ABB’s policy to provide transparent and comprehensive information to tax administrations in order to facilitate their understanding of the tax-related decisions taken by ABB.

ABB operates throughout the world. As a result, there are many transactions between ABB Group companies. In line with internationally recognized standards for cross border transactions, the pricing for these transactions must reflect an arm’s-length price. The pricing is driven by the activities undertaken and the value created. This approach is consistently taken in all countries where ABB operates.

*ABB maintains an extensive Integrity and Code of Conduct program which is the cornerstone of everything we do, including the approach to tax planning.*

## **Tax Risk**

ABB sees compliance with tax legislation as key to managing our tax risk. We understand the importance of tax in the wider context of business decisions and have processes in place to ensure tax is considered as part of our decision making process.

ABB maintains internal policies and procedures to support its tax control framework and employs professionals that are experienced in identification and management of tax risk with additional support provided through ongoing training and input of external advisors when appropriate. This is further supported by robust accounting systems, processes and sufficient resources to deliver timely and accurate returns, declarations, payments and claims as appropriate.

We have relationships with professional advisers that allow us to seek expert advice on specialist areas of tax. Our approach is to ensure we are compliant and understand our responsibilities with regards to tax.

ABB is conscious of the negative publicity that can arise from an inappropriate tax policy, and sees strong internal controls and a good relationship with our professional advisors and HMRC as the best way to manage reputational risk.

## **Relationship with HMRC**

ABB is committed to the principles of openness and transparency with tax authorities. We engage with HMRC, with integrity and respect and work collaboratively to resolve disputes and obtain agreement.

ABB has regular, open dialogue and meetings with HMRC. Day to day interactions with the HMRC CCM team are managed by the UK Tax Function.