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Compensation report

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Introduction by Chair of the Nomination and Compensation Committee

Dear Shareholders,

On behalf of the Board of Directors and the Nomination and Compensation Committee (NCC), I am pleased to introduce Accelleron's 2022 compensation report, which covers the financial year 2022 from the spin-off date of October 3 to December 31, 2022.

It was an exciting year, because on October 3, 2022, Accelleron was spun off from ABB as an independent company with a listing on SIX Swiss Exchange. This inaugural report outlines Accelleron's overall forward-looking compensation framework and philosophy for the members of the Board of Directors as well as for the members of the Executive Committee of Accelleron.

We believe in a strong pay-for-performance compensation philosophy that motivates our senior executives to create value for the Company and its shareholders. During 2022, we evaluated our overall compensation structure and selected a peer group for executive compensation benchmarking. The 2022 compensation report provides additional insights into our 2023 compensation plans.

Following the spin-off, the NCC and the Board of Directors focused their efforts on creating executive compensation principles that consider Accelleron's position as a newly independent company with ambitious growth and business objectives and the realities of the competitive global market for executive talent.

In addition, the NCC followed a comprehensive approach in selecting a peer group of companies for external compensation benchmarking. The peer group companies selected are a blend of Swiss and European companies and provide a good balance of company size, industry focus, and geographies. The NCC believes that benchmarking against a consistent and relevant set of peer companies will assist the Company in maintaining appropriate pay levels that will attract and retain key individuals who have the experience and deep expertise needed to lead the Company.

In line with the Articles of Association, we will ask our shareholders to cast a binding vote on the maximum aggregate amount of compensation for members of the Board of Directors for their term of office from the 2023 Annual General Meeting to the 2024 Annual General Meeting.

We will also ask our shareholders to cast a binding vote on the maximum aggregate amount of compensation for members of the Executive Committee for the 2024 financial year. In addition, we will ask our shareholders to endorse this 2022 compensation report in an advisory vote.

On behalf of the Nomination and Compensation Committee, we thank you for your trust in Accelleron and for your feedback.

Sincerely,



Gabriele Sons
Chair of the Nomination and Compensation Committee



2022 compensation

2022 compensation overview

The financial year 2022 represented a transition year when Accelleron became an independent, stand-alone company following the spin-off from ABB on October 3, 2022. From the moment the organization was established, the Board of Directors and the NCC started to review the existing executive compensation program of the former parent company and more closely align it to the new Accelleron culture, values, and strategy.

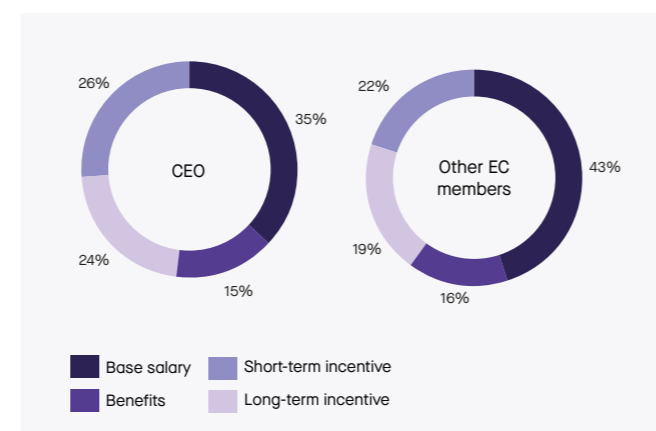
The compensation program consisted of a balanced set of fixed and variable elements rewarding short-term and long-term performance through the delivery of cash payments and equity awards.

- Fixed elements included the annual base salary and benefits such as retirement savings and insurances in line with local market practices and benefits associated with global mobility.
- Variable elements included both a short-term incentive plan (STIP) and a long-term incentive plan (LTIP). The short-term incentive (STI) was measured over a one-year performance period with payout in cash. The performance goals were aligned to the strategy of the former parent company including financial and non-financial metrics with a payout range of

0% to 150% of the individual target award. The LTIP with focus on rewarding long-term value creation consisted of restricted share units (RSUs) that vested after a three-year period.

Based on the compensation disclosed in Exhibit 3 that Executive Committee members received over the period from October 3, 2022, to December 31, 2022, the mix of fixed and variable compensation is as follows:

Executive Committee compensation mix¹ Exhibit 1



¹ Compensation mix ignores cash buyout, cash retention payments, share buyouts and share replacements.

The Board of Directors' fee levels and structure have been benchmarked against listed Swiss companies of similar size and industry with the support of market information provided by in-

dependent external consulting firms. The Chair and all the members of the Board of Directors receive fixed compensation for the period from the Annual General Meeting to the following year's Annual General Meeting in the form of cash and shares, to ensure their independence in the performance of their supervisory function. They

receive 50% of their total fees paid in cash and 50% paid in Accelleron shares. The shares are blocked for three years. The compensation system does not contain any performance-related components.

Board of Directors fees schedule Exhibit 2 (audited)

Position	Total fees (CHF) ^{1,2}	In cash (CHF)	In shares (CHF)
Chair	330,000	165,000	165,000
Vice-Chair	150,000	75,000	75,000
Board member	120,000	60,000	60,000
Committee Chair	30,000	15,000	15,000
Committee member	10,000	5,000	5,000

¹ Chair and Vice-Chair receive no further committee chair and committee member fees.

² Fees do not include social security.

2022 Executive Committee compensation

From October 3, 2022 to December 31, 2022, the Company awarded the Executive Committee members the amounts set out below:

CEO and aggregated EC total compensation per pay element Exhibit 3 (audited)

	Fixed compensation		Variable compensation		Total compensation
	Base salary	Benefits ¹	Short-term incentive ^{2,3}	Long-term incentive ^{4,5}	
	CHF	CHF	CHF	CHF	CHF
Daniel Bischofberger, CEO	150,000	66,635	152,770	160,964	530,369
Other EC members	457,500	174,592	314,157	247,397	1,193,645
Total	607,500	241,227	466,927	408,360	1,724,014

¹ Include payments for social security, mandatory insurance, expense allowance, and pension benefits.

² Represents short-term variable compensation for the respective period from October to December 2022, which is paid in 2023 after the publication of Accelleron's 2022 financial results.

³ Includes the pro-rated cash buyout for the CEO for an unvested share award from former employer of CHF 40,270, the pro-rated cash retention payment to some EC members of CHF 58,880 and the pro-rated cash payment to some EC members for a forfeited portion of ABB shares at the time of spin-off of CHF 13,609.

⁴ For the respective time period from October to December 2022, the estimated value of the 2022 long-term incentive (LTI) is based on the price of the Accelleron share on the grant date.

⁵ Includes the pro-rated share buyout for the CEO for an unvested share award from the former employer of CHF 56,148 and the pro-rated share replacement for some EC members for a forfeited portion of ABB shares at the time of spin-off of CHF 40,011.

Outcome of STI performance awards 2022

The targets for the STI performance awards 2022 were set by the former parent company. In summary, the average award for the Executive Committee members under the STIP for 2022 ranges from 115% to 117% and for the CEO 125% (out of a maximum 150%).

The outcomes were substantially influenced by financial measures accounting for 50% (CEO: 70%) and strategic business and individual measures accounting for 50% (CEO: 30%). The weighted achievement related to the financial measures was 114% for the CEO and 99% for the other Executive Committee members.

2022 Board of Directors compensation

Accelleron will pay the directors a fixed pro-rated fee for 7 months of services based on the Board of Directors fees schedule in Exhibit 2 covering their term of office from the date of spin-off on October 3, 2022, to the 2023 Annual General Meeting of CHF 595,000. As the compensation disclosed in the compensation report always includes the respective calendar year, the figures disclosed in Exhibit 4 refer to the pe-

riod from the spin-off on October 3 to December 2022 (3 months). In this period, the members of the Board of Directors will receive total fees of CHF 0.255 million, of which CHF 0.128 million in the form of cash, CHF 0.128 million in the form of shares, and mandatory social security contributions and mandatory foreign health insurance payments of CHF 0.018 million.

**Board of Directors fees from October 3, 2022 to December 31, 2022
Exhibit 4 (audited)**

Members of the Board of Directors	Function	Total fees 2022 ¹	Payment in cash	Payment in shares
		CHF	CHF	CHF
Oliver Riemenschneider	Chair	82,500	41,250	41,250
Monika Krüsi	Vice-Chair and AC Chair	37,500	18,750	18,750
Gabriele Sons	NCC Chair	37,500	18,750	18,750
Stefano Pampalone	Member	32,500	16,250	16,250
Bo Cerup-Simonsen	Member	32,500	16,250	16,250
Detlef Trefzger	Member	32,500	16,250	16,250
Total fees		255,000	127,500	127,500

¹In addition to the Board fees stated, an amount of CHF 17,736 will be paid in relation to mandatory social security and mandatory foreign health insurance payments.

Shareholdings of the Board of Directors and the Executive Committee

As of December 31, 2022, the members of the Board of Directors and of the Executive Committee held the following shares in the Company:

**Shareholdings of the Board of Directors and the Executive Committee
Exhibit 5 (audited as part of the financial statement stand-alone audit)**

Name	Function	Number of shares	Number of invested shares (RSUs)
Members of the Board of Directors			
Oliver Riemenschneider	Chair	168	n/a
Monika Krüsi	Vice-Chair and AC Chair	119	n/a
Gabriele Sons	NCC Chair	0	n/a
Stefano Pampalone	Member	0	n/a
Bo Cerup-Simonsen	Member	0	n/a
Detlef Trefzger	Member	0	n/a
Total		287	
Members of Executive Committee			
Daniel Bischofberger	CEO	17	32,000
Adrian Grossenbacher	CFO	0	10,877
Annika Parkkonen	CHRO	0	2,110
Dirk Bergmann	CTO	7	7,728
Roland Schwarz	Division President Service	100	10,896
Christoph Rofka	Division President Medium, Low Speed & Rail	162	11,953
Herbert Müller	Division President High Speed	22	7,883
Total		308	83,447



2023 compensation outlook

Executive Committee compensation

The general principles for the Executive Committee (EC) compensation are defined in Art. 27 of our [Articles of Association](#). The Executive Committee's compensation comprises fixed and variable elements. Fixed elements include an annual base salary and benefits. Variable compensation consists of elements from short-term and long-term incentive plans, which are subject to performance measures and caps.

The Nomination and Compensation Committee (NCC) and the Board of Directors are committed to a pay-for-performance framework to align executive performance with shareholder interests. Following a thorough review of Accelleron's compensation structures during 2022, the NCC and Board of Directors have made refinements to the overall compensation structures to better reflect Accelleron's status as an independent, stand-alone company.

Headquartered in Switzerland, Accelleron operates on a truly global basis. Consequently, the new executive compensation framework has been benchmarked with the support of market data provided by an independent consulting firm, Willis Towers Watson, against a carefully selected peer group, consisting of Swiss and European companies with a blend of similar size, industry, and geographic characteristics

to Accelleron. The inclusion of European companies reflects Accelleron's global footprint and business mix.

In addition, the following key features of executive compensation were adopted for 2023:

- Substantially the same overall structure of executive compensation as compared to 2022 (annual base salary, short-term incentive (STI), long-term incentive (LTI), and benefits)
- STI to be delivered in cash with performance measures limited to three financial KPIs such as EBITA %, revenues and operational free cash flow and in addition a maximum of three individual KPIs, of which one must be ESG related
- Introduction of a new LTI plan with a performance period of three years in the form of performance share units (PSU) with two KPIs such as relative total shareholder return (rTSR) and earnings per share (EPS), both with a 50% weight
- STI and LTI payout range from 0% to 200% additive for each performance measure
- Introduction of robust share ownership guidelines (SoG) and clawback rules
- No material changes to benefits provisions

Board of Directors compensation

The Board of Directors compensation framework as per Exhibit 2 will remain broadly unchanged for the upcoming term of office from the 2023 Annual General Meeting to the 2024 Annual General Meeting.

Corporate governance

The NCC reviews and proposes to the Board of Directors, and the Board of Directors decides on compensation matters, except for the

maximum aggregate compensation amounts of the Board of Directors and of the Executive Committee, which are subject to the approval of shareholders at the Annual General Meeting. The authority levels of the different bodies on compensation matters are detailed in Exhibit 6. In line with the [Articles of Association](#), shareholders also have a non-binding advisory vote on the prior year's compensation report at the Annual General Meeting and a binding vote on the maximum aggregate amount of compensation for the Board of Directors for the following term and for the Executive Committee for the following financial year.

Authority levels in compensation matters Exhibit 6

	CEO	NCC	BoD	AGM
Compensation policy including incentive plans	•	•	•	
Maximum aggregate compensation amount for the EC		•	•	•
CEO compensation		•	•	
Individual compensation of other EC members	•	•	•	
Performance target setting and assessment of the CEO		•	•	
Performance target setting and assessment of other EC members	•	•	•	
Shareholding requirements for CEO and other EC members		•	•	
Maximum aggregate compensation amount for the BoD		•	•	•
Individual compensation of BoD members		•	•	
Compensation report		•	•	Advisory vote

• Proposal • Recommendation • Approval

Shareholder vote at the 2023 Annual General Meeting

In accordance with Art. 28 of the [Articles of Association](#) the Board of Directors will ask shareholders at the 2023 Annual General Meeting meeting to cast a binding vote on:

- The aggregate amount of compensation payable to the members of the Board of Directors for their term of office from the 2023 Annual General Meeting to the 2024 Annual General Meeting

- The aggregate amount of compensation payable to the CEO and Executive Committee members in the financial year 2024

In addition, the Board of Directors will ask shareholders to cast an advisory vote on the 2022 compensation report. The procedures of voting on the compensation of Executive Committee members and the Board of Directors are defined in our [Articles of Association](#).



Report of the Statutory Auditor

To the General Meeting of Accelleron Industries AG, Baden

Report on the Audit of the Compensation Report

Opinion

We have audited the compensation report of Accelleron Industries AG (the Company) for the period from October 3 to December 31, 2022. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables marked "audited" on pages 44 and 45 of the compensation report.

In our opinion, the information on compensation, loans and advances in the attached compensation report complies with Swiss law and Art. 14-16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.



Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Simon Studer
Licensed Audit Expert
Auditor in Charge

Ekaterina Abramova

Zurich, March 28, 2023