

The SKF Code of Conduct

SKF is a leading global supplier of products, solutions and services in the area comprising bearings, seals, mechatronics, services and lubrication systems. SKF's offer includes technical support, maintenance services, condition monitoring and training.

We are present with our factories in more than 28 countries and with sales companies in some 70 countries. Through a global network of more than 15,000 distributor locations in more than 130 countries we are always close to our customers. We also have a widely used e-business marketplace and an efficient global distribution system.

We develop, produce and market products, solutions and services that create value for our customers and society. We do this with the overall objective to attain long-term and sustained profitability.

The SKF Code of Conduct defines how we behave and the way in which we run our business.

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Our Code of Conduct

For an international company such as ours to be consistently successful, it is vital that each and every one of us, when performing our duties, or when we are perceived to represent SKF, acts in an economically, socially and ethically responsible way.

This is the only way to ensure a positive and sustainable financial and social development. It's the only way to ensure trust.

Full compliance with all applicable laws and regulations is a fundamental minimum requirement of our Code of Conduct. We also adhere to international standards and guidelines such as the United Nation's Global Compact's Ten Principles, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Companies and the International Chamber of Commerce (ICC) Charter.

Together, we have defined four key areas of responsibility that are covered through our Code of Conduct. To fully perform these responsibilities, we apply our core values throughout the organisation – High Ethics, Empowerment, Openness and Teamwork.

Responsibility towards customers, distributors and suppliers

To gain and maintain business through cost efficiency, continuous development and research, and to be able to provide products, services and solutions that deliver customer value in terms of performance, quality, safety and environmental care. To do this while always applying the highest standards of ethics.

Responsibility towards employees

To respect employees and their rights, value their contributions, to offer safe and non-discriminatory working conditions, to promote employee wellbeing, and facilitate continual competence and skill development which enables individual satisfaction and career development.

Responsibility towards society

To manage the business as a responsible member of our society, showing respect for laws, customs and needs of the different countries where we are present, as well as respecting internationally proclaimed human rights and the need to sustain the natural environment.

Responsibility towards shareholders

To protect the shareholders' investments and strive for a sustainable and improving return.

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Responsibility towards customers, distributors and suppliers

Our business ethics

We foster an open and ethical business culture and perform our duties with care, honesty and integrity. All our decisions and activities are ethically sound and we act responsibly and professionally when we represent, or when we are perceived to represent, SKF. We advocate free and fair competition, and we treat our business partners and competitors fairly and with respect.

Our business ethics require that:

- we do not give or receive bribes, nor do we participate in, or contribute to, any other kind of corrupt activities including facilitation payments. We do not accept that our business partners give or receive bribes on behalf of SKF or otherwise engage in corrupt activities to promote SKF business.
- we gain and maintain business through creating value for our business partners. Our business relationships shall always be professional and based on trust and mutual respect. The value of gifts and favours to representatives of business partners shall always be moderate and shall not exceed local customs. Any gifts or favours offered must not impair SKF's reputation as a highly ethical company.
- we avoid offering gifts and favours to persons working for or representing public bodies. Gifts and favours to such persons may, however, be offered should the circumstances so require. Any gift or favour to such person must be moderate in value and not exceed local customs.
- all our decisions and activities are in compliance with applicable antitrust regulations and each of us has necessary knowledge about the regulations.
- we honor contracts and agreements entered into.
- we do not have any conflict of interest between private economic or personal issues and SKF's interests.

Suppliers, distributors, agents and other business partners

SKF has established specific codes of conduct for suppliers, distributors and agents based on the SKF Code of Conduct. Other business partners are encouraged to adhere to similar high standards.

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Responsibility towards employees

Our working ethics

We want to create a positive and engaging work environment for our employees where their inputs are valued, work performance is recognized, health and safety is assured, and wellbeing is enhanced. Our employees are given equal opportunities to develop their skills and competence in order to reach their full potential. In turn, they support our continued success by working towards agreed goals in accordance with our values and drivers.

This commitment requires that:

- we offer safe and healthy workplaces for all employees at all times, and for contractors and visitors while on SKF premises.
- all employees be treated equally, fairly and with respect regardless of race, gender, age, national origin or nationality, disability, caste, religion, sexual orientation, union membership or political affiliation.
- we encourage diversity to support SKF's continual success in the global marketplace.
- we do not tolerate any forms of sexual or other kinds of harassments, threats or intimidation.
- we do not engage in, and we actively work against, the use of forced labour. Nobody shall be required to lodge "deposits" or identity papers when commencing employment with SKF. Employees have the right to terminate their employment with reasonable notice to SKF.
- we do not engage in, and we actively work against, the use of child labour. Employees must not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years. Young workers (above the legal working age and under 18 years old) shall not be exposed to hazardous work environments as defined by national laws or regulations.
- we respect the right of all employees to form and join trade unions of their choice and to bargain collectively and individually. We strive to facilitate these rights when freedom of association and collective bargaining is restricted. We ensure that official representatives of such trade unions are not subject to discrimination and that such representatives have access to the union members and their workplace. We respect the rights of an employee not to join a trade union.
- we ensure that wages and other related benefits meet at least the legal or industry minimum standard in the country in question. Wages and benefits are rendered in full compliance with laws and collective agreements.
- we comply with applicable laws and industry standards on working hours in each country where we operate. In addition to local legislations, we shall ensure that safety is not compromised through excessive working hours.
- SKF management is encouraged to find ways to promote employee wellbeing.
- we strive to give employees good opportunities to train for job enrichment and wider responsibility. Employees are entitled to regular performance review and competency management review as expressed in the Individual Development Plan.

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- all employees shall be given a fair chance to compete for job opportunities. Unless overridden by national legislation, only relevant skills and competencies shall be the differentiating factors in selecting the right person for the job.
- we safeguard company assets from loss, theft and misuse. Company assets shall not be used for personal gain, fraudulent purposes or in any other inappropriate manner.
- employee data are treated with confidentiality and in accordance with applicable data privacy regulations.

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Responsibility towards society

Our social ethics

Our ability to profitably manage and grow our business in an ethical manner is the foundation by which we meet our social responsibility. It is this ability that drives technological development, economic progress, generation of skilled and knowledge-based employment and the realization of sound returns for our investors. Our social responsibilities and commitments include:

Environment

We have a firm commitment to ecologically sustainable development. Consequently we continuously strive to understand and improve the environmental performance of our own operations, and those of our suppliers. At the same time, we develop and provide innovative solutions that help improve environmental performance for our customers and society at large.

Health and Safety

We work to assure that our products and services are designed, produced and provided with relevant safety information such that they are safe for their intended use.

Community engagement

We go beyond our basic obligations in order to realise additional and lasting positive impacts for the communities in which we operate. SKF management is actively encouraged to engage with local communities and find ways by which we can achieve this.

The positive contributions typically come from involvement in projects and initiatives which aim at encouraging personal development for less privileged people, supporting education and vocational training, supporting local sports and health initiatives and stimulating other voluntary work.

Political issues and governmental relations

We do not interfere in the political life of the countries where we operate.

Consequently, companies within the SKF Group are forbidden to contribute financially to political parties or politicians. Likewise, our companies are not allowed to take part in party politics.

We strive towards establishing and maintaining relationships with local governments and authorities which are based on trust, transparency and mutual respect.

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In relations with governments or international organisations, SKF as a Group has the right, and it is sometimes its duty, to make its views heard on issues that affect SKF, its employees, customers and shareholders. The Group President and CEO – in person or through explicit delegation – is the only person authorised to express political statements on behalf of SKF.

Communication

We are open, transparent and approachable. The information we provide is factual, correct and consistent. We provide information about SKF's strategies, results, financial position and development essential to the stakeholders in a timely manner and in accordance with applicable stock exchange rules.

All marketing materials and activities shall be respectful and not demeaning.

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Responsibility towards shareholders

Return on the shareholder's invested money is always considered when determining important strategies and financial action alternatives.

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Implementation of the SKF Code of Conduct

All employees are obliged to follow the Code of Conduct and no one in the organisation has the mandate to authorise exceptions from the Code of Conduct.

SKF Group Management shall supervise the observance of the Code of Conduct. SKF will not accept any deviations from the Code of Conduct, and will investigate and take appropriate measures in case of misconduct.

All managers shall act as role models and they shall ensure that employees under their responsibility understand, act and behave in accordance with the Code of Conduct. Managers shall ensure that effective training and subsequent follow-up are provided so that all employees understand the Code of Conduct and how it relates to them.

Reporting and verification

SKF depends on its employees to ensure that the highest standards of ethical conduct are maintained. We shall all be vigilant in preventing, detecting and reporting misconduct. If you become aware of any decisions, behaviour or actions that are not in line with the Code of Conduct, you shall report this to your immediate manager. If for some reason you feel you cannot or should not report the issue to your manager, you can bring the issue to the attention of your manager's manager or to the Country Manager.

For issues of a sensitive nature that would be inappropriate to direct to a manager as stated above, for example, actions or behaviour carried out by the representatives of the company to which you belong to, you can report the problem directly to: codeofconduct@skf.com

You are encouraged to sign the e-mail with your name in order for SKF to be able to contact you for clarifications and additional information. All reports will be treated in strictest confidence and SKF will not allow any retaliation towards anyone raising concerns or problems in good faith.

The compliance with the Code of Conduct is followed-up regularly and reported to the SKF Group Management.

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