

## The SKF Nomination Committee's proposal for a Board of Directors, Board remuneration and work report

### The Nomination Committees' work report

The Annual General Meeting of AB SKF has previously resolved that the Company shall have a Nomination Committee formed by four members elected by each one of the four major shareholders with regard to the number of votes held as well as the Chair of the Board of Directors. In a press release dated 8 September 2023 it was announced that a Nomination Committee had been appointed consisting of Marcus Wallenberg from FAM, Philip Ahlgren from Cevian Capital, Anders Algotsson from AFA Försäkring and Anders Jonsson from Skandia, together with the Chair of the Board of Directors, Hans Stråberg. Marcus Wallenberg was elected chair of the Nomination Committee. The Nomination Committee held three minuted meetings. The tasks of the Nomination Committee has been to furnish the Annual General Meeting 2024 with proposals regarding Board of Directors, Chair of the Board, remuneration for the Board, Chair of the Annual General Meeting, and to the extent deemed necessary, proposal for revisions to the current instruction for the Nomination Committee. Shareholders have also had the possibility to submit proposals to the Nomination Committee.

As regards the election of the Board of Directors, the Nomination Committee has, based on a self-assessment questionnaire completed by the Board as well as through discussions with the Chair of the Board about his views on the work conducted and the composition of the Board, assessed how the current Board meets the requirements that the Board will face given the company's position, industry and future direction as well as which competencies the Board requires regarding for example industry and international experiences, sustainability and diversity.

The Nomination Committee's proposals for Board of Directors and Chair of the Board were published in a press release dated 23 January 2024. The Nomination Committee's other proposals were published through the notice of the Annual General Meeting 2024.

The Nomination Committee has concluded that it does not consider it necessary to propose any revisions to the current instruction for the Nomination Committee.

## **The Nomination Committee's proposal and reasoned statement related to the composition of the Board of Directors**

### **The composition of the Board of Directors**

When assessing the composition of the Board of Directors, the Nomination Committee has considered both individual qualifications and experiences with the members of the Board and that the Board as a unit shall work well together and possess the appropriate breadth. The Nomination Committee has also taken into account the diversity of the Board including gender, nationality, age and industrial experience.

### **Proposal**

The Nomination Committee deem the Board of Directors in its current form to have an appropriate composition and size and that it is characterized by diversity and breadth within areas that are important for SKF and hence that there is no need to propose any new Board members. The Nomination Committee's proposal is therefore to re-elect all of the members of the Board of Directors. All members of the Board of Directors have communicated that they are available for re-election.

The Nomination Committee proposes that the number of members of the Board of Directors elected by the Annual General Meeting shall continue to be ten, without any deputy directors elected by the Annual General Meeting.

The Nomination Committee further proposes to re-elect Hans Stråberg as the Chair of the Board of Directors. The Nomination Committee deems that Hans Stråberg, with his extensive experience of the company and of board work, has proven to be well suited to lead and organize the work of the Board of Directors.

### **Reasoned statement**

The Nomination Committee's assessment is that the Board of Directors in the current form represents a breadth of qualifications and appropriate diversity as well as a solid experience from segments and markets where the company is active as in digitalization and sustainability matters. The company applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy. The Nomination Committee has therefore based its work on that the Board of Directors is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances, characterized by diversity and breadth of qualifications, experience and background amongst the members of the Board elected by the Annual General Meeting. An even gender balance is also pursued.

The Nomination Committee has particularly considered the value of balancing the need for renewal and continuity on the Board of Directors, taking into account the larger renewal, with four new Board members, that occurred at the Annual General Meeting in 2023. The Nomination Committee has also considered the industrial and financial competencies and the experience in transformational work that was recently added to the Board. The Board of Directors as a unit is assessed to possess expertise in key areas for SKF such as financial

management, digital transformation, sustainability and technological innovation, as well as in relevant markets and segments. Continuity amongst those Board members is considered to be of significance for the continued positive development of SKF.

The Nomination Committee's assessment is further that the current composition of the Board of Directors represents a balance of skills and diverse perspectives, constituting an appropriate mix in terms of diversity, such as age, education, experience, competence, and the time they have served in the Board, suitable for the company's current operations. Regarding gender, the proposal means that the Board members elected by the Annual General Meeting would be three women and seven men (corresponding to 30 and 70 percent). The proposal would also mean a Board of Directors of pre-dominantly European nationality even if the members have an extensive international experience. The dominance of men and members with a European background has been noted and weighted against other dimensions of diversity as well as the continuity these individuals represent to the Board in addition to the breadth of knowledge and international experience they possess. The Nomination Committee considers diversity to be important and that it is vital for future Nomination Committees to continue addressing the topic.

Furthermore, the Nomination Committee has in its assessment of the composition of the Board of Director's considered the Board members' possibility to dedicate the time required for the important assignment as a member of the SKF Board. In this assessment the Board member's attendance at Board meetings as well as their preparations prior to the Board meetings and their other assignments outside SKF have been taken into consideration. In conclusion, the Nomination Committee deems that the proposed Board members, with their high meeting attendance, significant dedication and preparations ahead of Board meetings, have the possibility to dedicate the time required for the assignment as a Board member in SKF. The Nomination Committee has also noted Hans Stråberg's other assignments and that the number of assignments have decreased. The Nomination Committee deem that Hans Stråberg has the possibility to dedicate necessary time, not only as a member of the Board of Directors, but as the company's Chair of the Board.

The Nomination Committee has also assessed the dependence/independence of each of the board members in relation to the company and the management of the company and major shareholders and have found that the proposed Board of Directors fulfills the Swedish Corporate Governance Code requirements in rule 4.4 and 4.5. The Board of Directors has also collectively and consequently shown a great commitment to the greater good of the company. The Nomination Committee conclude that the proposed members of the Board of Directors that are not employed by the company is deemed to be independent of the company and the management of the company and that eight out of ten Board members are deemed to be independent of the company's major shareholders. More information on the independence assessment is found in the presentation of each of the board members below.<sup>1</sup>

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<sup>1</sup> The Company is not aware of that any circumstances that could affect the assessment of the board members independence has changed since last year and thus makes the same assessment of the Board members independence as the Nomination Committee made in front of the Annual General Meeting 2023.

## **The Nomination Committee's proposal and reasoned statement related to the remuneration to the Board of Directors**

### **Remuneration to the Board of Directors**

The Nomination Committee has conducted an evaluation of remuneration to the members of the Board of Directors. The basic underlying principle of the reimbursement payable to the Board of Directors is that the remuneration shall be reasonable and competitive enough in order for SKF to attract members with high skills and experience on a global market. The compensation shall also reflect the responsibilities and the time which the directorship entails. The Nomination Committee has during the assessment also reviewed an evaluation of remuneration in peer companies.

### **Proposal**

The Nomination Committee proposes an increase of the remuneration to the Board of Directors in accordance with the below.

An allotment for board work of SEK 2,750,000 to the Chair of the Board, of SEK 1,375,000 to the Vice Chair of the Board and with SEK 900,000 to each of the other Board members; and

An allotment for committee work of SEK 350,000 to the Chair of the Audit Committee, with SEK 250,000 to each of the other members of the Audit Committee, with SEK 200,000 to the Chair of the Remuneration Committee and with SEK 150,000 to each of the other members of the Remuneration Committee and with SEK 200,000 to the Chair of the Sustainability and Ethics Committee and with SEK 150,000 to each of the other members of the Sustainability and Ethics Committee.

### **Reasoned Statement**

The Nomination Committee has after careful consideration reached the conclusion that the remuneration to the Board members is relatively low in comparison with other publicly traded international peer companies of comparable size and complexity.

Over the past few years, international board remunerations for comparable board assignments have increased in a faster pace, also considering currency effects, and are now in general on a higher level than the remuneration paid to the Board members in SKF.

The Nomination Committee's proposal for a slightly larger adjustment compared to previous years should therefore be seen as a step towards creating a more internationally competitive compensation level. The Nomination Committee deems this necessary to retain and attract relevant international expertise in strategically important areas for the Board of Directors. Furthermore, the Nomination Committee has noted that the remuneration in the coming years may need to be further adjusted to reach a relevant level in comparison to other peer companies on the global market.

The proposed increase of the remuneration is reasonable and well-motivated in the light of the above, corresponding to an increase of the remuneration for board work of around 6 % compared to the remuneration adopted at the Annual General Meeting 2023.

As regards the remuneration for committee work the proposal is an increase with between approximately 10 % and 18 % compared to the remuneration adopted at the Annual General Meeting 2023, which is also motivated by the increase in workload in the committees amongst other things due to the increase in regulatory demands in *e.g.* sustainability reporting and legal compliance.

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## Presentation of the Board of Directors

Information regarding nominees for election as members of the Board of Directors at the Annual General Meeting on 26 March 2024.

### Members of the Board of Directors proposed to be re-elected by the Annual General Meeting 2024

#### **Hans Stråberg**

Chair of the Board since 2018

Born 1957

Education and job experience: Master of Science in Engineering from Chalmers University of Technology, Gothenburg. President and CEO of Electrolux AB 2002- 2010. Several leading positions within the Electrolux Group in Sweden and USA since 1983. Former EU Co-Chair TABD, Trans-Atlantic Business Dialogue.

Other assignments: Chair of Atlas Copco AB, Roxtec AB, CTEK AB and Anocca AB. Board member of Investor AB and Mellby Gård AB. Member of the Royal Swedish Academy of Engineering Sciences. Shareholding (own and/or held by related parties): 37,000 SKF B

Independence in relation to the company/senior management\*: Yes

Independence in relation to major shareholders of the Company\*: Yes

#### **Hock Goh**

Board member since 2014

Born 1955

Education and job experience: Bachelor's degree (honours) in Mechanical Engineering from Monash University, Australia, completed the Advanced Management Program at INSEAD. Operating Partner of Baird Capital Partners Asia, 2005–2012. Several senior management positions in Schlumberger Limited, 1995– 2005, President of Network and Infrastructure Solutions division in London, President Asia and Vice President and General Manager China.

Shareholding (own and/or held by related parties): 0

Independence in relation to the company/senior management\*: Yes

Independence in relation to major shareholders of the Company\*: Yes

#### **Geert Follens**

Board member since 2019

Born 1959

Education and job experience: Master of Science in Electromechanical Engineering and a post-graduate degree in Business Economics from the University of Leuven, Belgium. Senior Executive Vice President and Business Area President Vacuum Technique at Atlas Copco AB. Several leading positions within the Atlas Copco Group in Sweden, Belgium and the UK since 1995, including General Manager of Atlas Copco Compressor Technique customer center, President of the Portable Energy division and President of the Industrial Air division.

Shareholding (own and/or held by related parties): 1,500 SKF B

Independence in relation to the company/senior management\*: Yes

Independence in relation to major shareholders of the Company\*: Yes

**Håkan Buskhe**

Vice Chair, Board member since 2020

Born 1963

Education and job experience: Master of Science, Licentiate of Engineering, Chalmers University of Technology. He is the CEO of FAM AB, owned by Wallenberg Investments AB. His previous senior positions include CEO of Saab AB, 2010-2019, and CEO of E.ON Nordic AB, 2008-2010.

Other assignments: Chair of IPCO AB, Vice Chair of Stora Enso Oyj, board member of FAM AB, Kopparfors Skogar AB, The Grand Group, Navigare Ventures AB, Qarlbo Energy AB and Swedish Defense University.

Shareholding (own and/or held by related parties): 5,000 SKF B

Independence in relation to the company/senior management\*: Yes

Independence in relation to major shareholders of the Company\*: No

**Susanna Schneeberger**

Board member since 2020

Born 1973

Education and job experience: Master of European Affairs (MBA) and Master of Science in International Business, Lund University. Senior advisor and several leading positions including Chief Digital Officer and executive board member of the KION Group, 2018-2020, CEO of Demag Cranes & Components, 2015-2018, and various senior positions in the Trelleborg Group 2007-2014.

Other assignments: Chair of Yunex GmbH. Board member of Concentric AB and Hempel A/S.

Shareholding (own and/or held by related parties): 1,000 SKF B

Independence in relation to the company/senior management\*: Yes

Independence in relation to major shareholders of the Company\*: Yes

**Rickard Gustafson**

President and Chief Executive Officer of AB SKF and Board member since 2021

Born 1964

Education and job experience: Master of science from the Institute of Technology at Linköping University. His previous positions include President and CEO of the SAS Group 2011-2021, CEO of the insurance company Codan/Trygg Hansa and several positions within General Electric.

Other assignments: Board member of Telia Company and Confederation of Swedish Enterprise.

Shareholding: 9,600 SKF B

Independence in relation to the company/senior management\*: No

Independence in relation to major shareholders of the Company\*: Yes

**Beth Ferreira**

Board member since 2023

Born 1973

Education and job experience: Bachelor of Science in International Studies, Emory University, Atlanta. Chief Executive Officer, Life Technology at IMI plc responsible for the Climate Control, Life Science & Fluid Control and Transport sectors. She has held other leading positions with IMI plc such as Divisional Managing Director, Precision Engineering 2020-2023. Her previous senior positions also include multiple Group President roles at Illinois Tool Works (ITW) 2014-2020, and President of Belden Industrial Cables Group 2008-2014. Various marketing and commercial roles in Ingersoll Rand 1997-2008.

Shareholding (own and/or held by related parties): 0 SKF B

Independence in relation to the company/senior management\*: Yes

Independence in relation to major shareholders of the Company\*: Yes

**Therese Friberg**

Board member since 2023

Born 1975

Education and job experience: Bachelor's Degree in Business Administration, Stockholm University. She is the Group CFO and Executive Vice President of Electrolux. She has held several leading positions within the Electrolux Group since 1999, including CFO, Major Appliances EMEA, Head of Group Business Control and Sector Controller Home Care & SDA.

Shareholding (own and/or held by related parties): 0 SKF B

Independence in relation to the company/senior management\*: Yes

Independence in relation to major shareholders of the Company\*: Yes

**Richard Nilsson**

Board member since 2023

Born 1970

Education and job experience: Bachelor of Science in Business Administration and Economics, Lund University. Investment Director at FAM AB. Employed by FAM since 2008. His previous positions include equity research analyst at SEB Enskilda, 2000- 2008, Alfred Berg 1995-2000 and Handelsbanken 1994-1995.

Other assignments: Board member of Stora Enso Oyj, IPCO Holding AB and group companies, GROPYUS AG, Cinder Invest AB and TBox Sweden AB.

Shareholding (own and/or held by related parties): 5,000 SKF B

Independence in relation to the company/senior management\*: Yes

Independence in relation to major shareholders of the Company\*: No



**Niko Pakalén**

Board member since 2023

Born 1986

Education and job experience: Master of science in Economy and Business Administration, Helsinki School of Economics (today Aalto University). He is partner at Cevian Capital since 2017. He has held several management positions within Cevian Capital 2011-2016 and was before that associate at Danske Bank Corporate Finance 2009-2011.

Other assignments: Member of the Board of Metso Outotec Corporation and of Human Practice Foundation Sweden.

Shareholding (own and/or held by related parties): 0 SKF B

Independence in relation to the company/senior management\*: Yes

Independence in relation to major shareholders of the Company\*: Yes

*\* The information regarding independency relates to the independence of the proposed Board member according to the Swedish Code of Corporate Governance (the "Code") in relation to (i) the company/senior management and (ii) major shareholders. Major shareholders mean owners who directly or indirectly control ten percent or more of the shares or votes in the Company. The Code is available at the website of the Swedish Corporate Governance Board, [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se).*

*SKF has chosen to apply the following definition of "related parties" when calculating the shareholdings: close relatives and legal entities set up for the benefit of the board member or his/hers close relatives.*