

# Corporate Governance Report



**Introduction**

SKF applies the principles of sound corporate governance as an instrument for increased competitiveness and to promote confidence in SKF among all stakeholders. Among other things, this means that the company maintains an efficient organizational structure with clear areas of responsibility and clear rules for delegation and decision making together with an accountability framework, that the financial and sustainability reporting is transparent and that processes governing such reporting is paved by a robust risk management and assurance framework and that the company in all respects maintains good corporate citizenship.

SKF is purposefully working to ensure sustainability, ethics and compliance to achieve a positive development over the short, medium and long term. More information is found on pages 124–125 in the Sustainability Report for the Group in the Annual Report 2023.

The corporate governance principles applied by SKF are based on Swedish law, in particular the Swedish Companies Act and the Swedish Annual Accounts Act, and the regulatory system of NASDAQ Stockholm AB (Stockholm Stock Exchange) as well as the Swedish Code of Corporate Governance (the "Code") issued by the Swedish Corporate Governance Board and the AB SKF Articles of Association.

Information under the Annual Accounts Act Chapter 6, § 6, sections 3–4, are found at pages 42–44 of the Administration Report for the Group in the Annual Report 2023.

**Swedish Code of Corporate Governance**

The Code was originally introduced on 1 July 2005 by the Swedish Corporate Governance Board. The Code has been revised several times since the introduction and the applicable Code is available at the website of the Swedish Corporate Governance Board, [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se).

It is considered good stock exchange practice for Swedish companies whose shares are traded on a regulated market to apply the Code. SKF applies the Code and this Corporate Governance Report has been prepared in accordance with the Code as well as the Swedish Annual Accounts Act. Furthermore, SKF has provided information on the company's website in line with the Code requirements. The Annual General Meeting in 2023 was also held in accordance with the Code rules. The auditor of the company has read and performed a statutory examination of the Corporate Governance Report.

**General information about how the company is managed**

The shareholders' meeting is the company's highest decision-making body. An Annual General Meeting of shareholders shall be held annually and within six months after the end of the financial year. At the Annual General Meeting the shareholders may exercise their voting rights to part take in decision making of the company for e.g. in relation to the composition of the Board of Directors, adoption of principles of remuneration for Group Management and election of external auditors. SKF has issued A and B shares. An A share entitles the shareholder to one vote and a B share to one-tenth of a vote. In all other aspects, SKF's class A and B shares have the same rights.

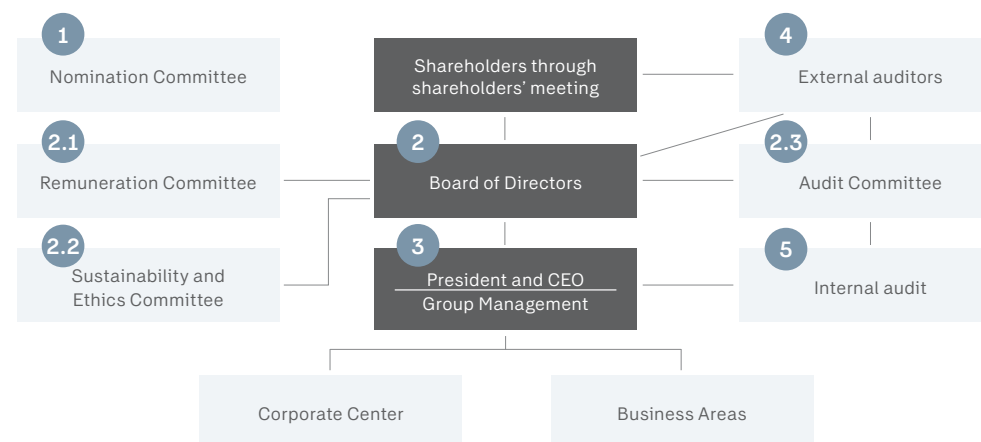
The Board of Directors has a responsibility for the company's organisation and for the oversight of the management of the company's affairs and is, together with the President and Group Management defining and continuously monitoring SKF's purpose, strategy, values and drivers. The Chair of the Board of Directors shall direct the work of the Board and monitor that the Board fulfils its obligations. The Board of Directors annually adopts written rules of procedure for its internal work and written instructions. For more details on the rules of procedures and the written

instructions, see below under the heading "Activities of the Board of Directors".

The President of the company, who is also the Chief Executive Officer, is appointed by the Board of Directors and handles the day-to-day management of the company's business in accordance with the guidelines and instructions from the Board. The approval of the Board of Directors is, for example, required in relation to investments and acquisitions above certain amounts, as well as for the appointment of certain senior managers. The President is supported by a Group Management team, see pages 150–151 in the Annual Report 2023.

SKF is organized in four industrial regions: The Americas, Europe, Middle East and Africa (EMEA), India and Southeast Asia (ISEA) and China and North-east Asia (CNEA). There is one global Automotive business unit and additionally seven independent business units collectively referred to as Independent and Emerging Businesses. All of the above mentioned business areas are respectively accountable for their own operational and financial performance. Further,

there is a lean corporate center consisting of six Group staff functions: Group Operations, Group Technology Development, Group Commercial Excellence Bearings, Group Finance, Group Legal & Compliance and Group People Experience & Communication. The management of SKF's operations is based on a decentralised operating model for the business areas achieving decision making close to the customer and the goal of serving customers with increased speed and responsiveness, however within a set of accountability frameworks ensuring compliance, risk management and synergies across the SKF Group. The corporate center govern these defined frameworks being fundamental requirements for the management of the SKF Group. Within these frameworks, defined processes, policies and instructions are in place to manage risk, strategically important matters, and ensure compliance. Furthermore, certain transactions/arrangements of high value or strategic importance are referred to the relevant decision-making bodies and ultimately the President and/or the Board of Directors.



## 1 Nomination Committee

At the Annual General Meeting of AB SKF it was resolved that the company shall have a Nomination Committee formed by four members appointed by each one of the four largest shareholders with regard to the number of votes held as well as the Chair of the Board of Directors. When constituting the Nomination Committee, the shareholdings per the last banking day in August each year would determine which shareholders are the largest with regard to the number of votes held. The names of the four members were to be published as soon as they had been elected, however, not later than six months before the next Annual General Meeting. The Nomination Committee shall remain in office until a new Nomination Committee has been appointed.

In a press release on 8 September 2023, it was announced that a Nomination Committee consisting of the following members, together with the Chair of the Board of Directors, had been appointed in preparation of the Annual General Meeting 2024:

- Marcus Wallenberg, FAM
- Philip Ahlgren, Cevian Capital
- Anders Algotsson, AFA Försäkring
- Anders Jonsson, Skandia

The Nomination Committee is to furnish proposals in the following matters to be presented to, and resolved by, the Annual General Meeting in 2024:

- proposal for Chair of the Annual General Meeting
- proposal for Board of Directors
- proposal for Chair of the Board of Directors
- proposal for remuneration to the Board of Directors
- to the extent deemed necessary, proposal for new instructions for the Nomination Committee.

The proposals of the Nomination Committee were published in a press release dated 23 January 2024 and in connection with the notice to the Annual General Meeting 2024.

## 2 The Board of Directors

### Composition and remuneration of the Board

The Board of Directors shall, in addition to specially appointed members and deputies, according to the Articles of Association of SKF, comprise a minimum of five and a maximum of twelve Board members, with a maximum of five deputies. The Board members are elected each year at the Annual General Meeting for the period up to the end of the next Annual General Meeting.

The Nomination Committee proposes decisions to the Annual General Meeting regarding electoral and remuneration issues, including proposals for the composition and remuneration of the Board of Directors. As reflected in the Nomination Committee's statement regarding the composition of the proposed Board of Directors and the proposed remuneration presented to the Annual General Meeting 2023, the Nomination Committee has applied the provisions in the Code as diversity policy. The objectives of the diversity policy is for the Board of Directors to have a composition appropriate to the company's operations, phase of development and other relevant circumstances; that the Board members elected by the shareholders' meeting collectively are to exhibit diversity and breadth of qualifications, experience and background; and that the company is to strive for gender balance on the Board. The Annual General Meeting 2023 resolved to appoint Board members in accordance with the Nomination Committee's proposal.

Ten Board members, including the Chair, were elected at AB SKF's Annual General Meeting held in the spring of 2023. Colleen Replier resigned from the Board of Directors. In addition, the SKF labor unions have appointed two Board members and two deputy Board members. No Board member, except

for the President, is included in the management of the company.

Information on the composition and remuneration of the Board members decided upon by the Annual General Meeting 2023 can be found in the Annual Report 2023, Consolidated Financial Statements, Note 23.

### Independence requirements

The Nomination Committee has a responsibility to take independence into consideration in its proposal for Board of Directors. The Board of Directors has been considered to comply with the requirements regarding independence of the Code. The table below shows the Board member's independence according to the requirements of the Code in relation to the company and major shareholders<sup>1)</sup>.

1) Major shareholders are defined as those controlling ten per cent or more of the shares or votes in the company.

### Activities of the Board of Directors

The Board of Directors held eight meetings in 2023. The Board members were present at the Board meetings as described in the table below.

The Board of Directors adopts written rules of procedure annually for its internal work. These rules prescribe i.a.:

- the number of Board meetings and when they are to be held,
- the items normally included in the Board agenda, and
- the presentation to the Board of reports from the external auditors.

The Board of Directors has also issued written instructions on:

- when and how information required for the Board's assessment of the company's and the Group's financial position shall be collected and reported to the Board, and
- the allocation of the tasks between the Board and the President.

Name of the Board members elected by the Annual General Meeting	Independence in relation to the company/senior management	Independence in relation to the major shareholders <sup>1)</sup> of the company
Hans Stråberg (Chair)	•	•
Håkan Buskhe (Vice Chair)	•	•
Colleen Replier (resigned in March 2023)	•	•
Hock Goh	•	•
Geert Follens	•	•
Susanna Schneeberger	•	•
Rickard Gustafson	•	•
Beth Ferreira	•	•
Therese Friberg	•	•
Richard Nilsson	•	•
Niko Pakalén	•	•
<b>Total</b>	<b>9/10 (90%)</b>	<b>8/10 (80%)</b>

Issues dealt with by the Board of Directors in 2023 include i.a. strategy execution, market outlook, the impacts of the increased cost inflation, issues related to the war in Ukraine, cash flow and investment analysis, financial and sustainability reporting, capital structure, acquisitions and divestments of companies and the strategic review of the Aerospace business, the implementation of the new operating model, including material organizational changes of the Group and management issues.

The Board of Directors continuously evaluates economic, environmental and social aspects for the Group's performance and reviews specific issues such as accident rates, greenhouse gas emissions and Code of Conduct adherence.

Each new board member has to go through a general introduction training about the SKF Group. The Board of Directors visits on a regular basis different SKF sites in order to enhance knowledge about the SKF Group.

## 2.1 Remuneration Committee

The Board of Directors of AB SKF has in accordance with the principles in the Code established a Remuneration Committee consisting of the Chair of the Board, Hans Stråberg as Chair, Vice Chair of the Board Håkan Buskhe and the board members Susanna Schneeberger and Niko Pakalén.

The Remuneration Committee prepares matters related to the principles of remuneration for Group Management and employment conditions for the President as well as supporting the succession planning for Group Management. The principles of remuneration for Group Management shall be submitted to the Board of Directors, which shall submit

a proposal for such remuneration principles to the Annual General Meeting for approval at least every fourth year. The employment conditions for the President shall be approved by the Board of Directors.

The Remuneration Committee continuously monitors and evaluates the SKF Group's remuneration package for Group Management. No later than three weeks prior to the Annual General Meeting the Board of Directors submits on the company's website, in accordance with the Swedish Companies Act and the principles in the Code, a remuneration report.

The Remuneration Committee held three meetings in 2023. The members of the committee were present at the meetings as follows:

## 2.2 Sustainability and Ethics Committee

The Board of Directors of AB SKF has established a Sustainability and Ethics Committee. The Sustainability and Ethics Committee consists of the Vice Chair of the Board, Håkan Buskhe, as Chair and the board members Hock Goh, Geert Follens and Niko Pakalén. The Sustainability and Ethics Committee oversees SKF's strategy related to ethics and sustainability. The work also includes to review, monitor and keep informed on the strategic objectives, initiatives, and the implementation thereof for a sustainable development of SKF based on SKF Care including SKF's values, employee organization including talent acquisition, development, retention and planning, business- and work ethics, compliance, community care, environment, health and safety. The Sustainability and Ethics Committee held two meetings in 2023. The members of the committee were present at the meetings as follows:

Name of the board member	Presence/Total number of meetings <sup>1)</sup>
Hans Stråberg (Chair)	8/8
Håkan Buskhe (Vice Chair)	8/8
Colleen Repplier (resigned in March 2023)	2/2
Hock Goh	8/8
Geert Follens	8/8
Susanna Schneeberger	8/8
Rickard Gustafson	8/8
Beth Ferreira (elected in March 2023)	6/6
Therese Friberg (elected in March 2023)	5/6
Richard Nilsson (elected in March 2023)	6/6
Niko Pakalén (elected in March 2023)	6/6
Jonny Hilbert	8/8
Zarko Djurovic	8/8
Thomas Eliasson	8/8
Steve Norrman	7/8
<b>Total presence in percentage</b>	<b>98.1 %</b>

1) Total number of meetings is displayed for each board member, based on the number of board meetings held during the time they were each elected during the year.

Name of the board member	Presence/Total number of meetings <sup>1)</sup>
Hans Stråberg (Chair)	3/3
Håkan Buskhe	3/3
Colleen Repplier (resigned in March 2023)	1/1
Susanna Schneeberger (elected in March 2023)	1/2
Niko Pakalén (elected in March 2023)	2/2

Name of the board member	Presence/Total number of meetings <sup>1)</sup>
Håkan Buskhe (Chair)	2/2
Hock Goh	2/2
Geert Follens	2/2
Niko Pakalén (elected in March 2023)	2/2

### 2.3 Audit Committee

The Board of Directors of AB SKF has in accordance with the principles of the Swedish Companies Act and the Code appointed an Audit Committee. The Audit Committee consists of the Vice Chair of the Board, Håkan Buskhe, as Chair, the Chair of the Board, Hans Stråberg, and the board member Geert Follens, Therese Friberg and Richard Nilsson.

The Audit Committee oversees and ensures the quality and reliability of the accounting and financial and sustainability reporting processes and reports, monitors the effectiveness of the Group's internal control over financial and sustainability reporting, audit and risk management processes and the adequacy of the Group's controls for compliance with laws and regulations. The Audit Committee also reviews and monitors the work of external auditors as well as make preparations in relation to the nomination of external auditors.

The Audit Committee held six meetings in 2023. The members of the committee were present at the meetings as follows:

Name of the board member	Presence/Total number of meetings <sup>1)</sup>
Hans Stråberg	6/6
Håkan Buskhe (Chair)	6/6
Geert Follens	6/6
Therese Friberg (elected in March 2023)	5/5
Richard Nilsson (elected in March 2023)	5/5

1) Total number of meetings is displayed for each board member, based on the number of board meetings held during the time they were each elected during the year.

### Assessment

The members of the Board of Directors assess the quality of the work of the Board through the completion of a questionnaire and interviews, which reflect the Group's values and drivers including sustainability. The result is then discussed at a Board meeting. The Nomination Committee has been provided with the result of the assessment.

### 3 President and Chief Executive Officer

The Board of Directors has delegated the day-to-day management of AB SKF (publ) and the SKF Group's operations to the President and CEO, including an authorization to make decisions and govern issues that are not exclusively under the authority of the Board. It is the President and CEO's responsibility to implement and ensure that the SKF strategy, purpose, long term financial targets and operational objectives determined by the Board of Directors are carried out and that effective governance and control is maintained. The President and CEO is also responsible for preparing materials to the Board of Directors in front of the Board meetings and keeping the Board informed on SKF's financial position, development, risks and opportunities. The President and CEO's role, areas of responsibility and authorizations are described in more detail in the CEO instruction each year adopted by the Board of Directors. More information on SKF's President and CEO is found on page 146 in the Annual Report.

### 4 The auditor of the company

The task of the auditor is to audit, on behalf of the shareholders, the Annual Report including SKF's financial and sustainability reporting and reporting processes and also to audit the Board of Directors' and the President's management of the company.

The Annual General Meeting elects the auditor for a period of four years. The AB SKF's Annual General Meeting 2021, elected Deloitte AB (Deloitte) as auditor for the time up to the closing of the Annual General Meeting in 2025. Hans Warén is the auditor in charge.

Hans Warén has many years of experience as auditor in a number of other listed companies, and is currently the lead auditor for Industrivärden, Trelleborg and Atrium Ljungberg.

The auditor shall according to a resolution of the Annual General Meeting be remunerated in accordance with approved invoice. SKF has a procedure in place whereby all matters that are intended to be handled by the elected auditors are evaluated in relation to the independence requirements and are approved or, as the case may be, rejected, by the Audit Committee. Deloitte applies a similar procedure and issues annually, in addition thereto, a written statement to the Audit Committee stating that the audit firm is independent in relation to SKF.

Deloitte has during 2023 been involved in matters besides the audit assignment. These matters have primarily concerned tax and sustainability services. The total fees for Deloitte's services besides auditing in 2023 amount to MSEK 2.

### Financial and sustainability reporting

The Board of Directors is responsible for documenting how the quality of the financial and sustainability reporting is secured and how the company communicates with its auditor.

The Audit Committee assists the Board of Directors by preparatory work to secure the quality of the company's financial and sustainability reporting. This is, for example, achieved through the Audit Committee's review of the financial and sustainability information and the company's internal financial controls.

The Board of Directors had one meeting with the auditors in 2023 and has been provided with the audit and its result. Within the scope of its work, which includes reviewing the extent of the external audit and evaluating the performance of the external auditors, the Audit Committee met with the auditors in connection with three Audit Committee meetings. In addition to that, the auditors gave both the Audit Committee and the Board of Directors information in writing regarding matters including the planning and implementation of the audit and an assessment of the risk position of the company.

## The Board of Directors as of 31 December 2023



### Hans Stråberg

Chair, Board member 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<sup>1)</sup>)

37,000 SKF B



### Håkan Buskhe

Vice Chair, Board member since 2020  
Born 1963

#### Education and job experience

Master of Science, Licentiate of Engineering, Chalmers University of Technology. CEO of FAM AB since 2020, owned by Wallenberg Investments AB. 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<sup>1)</sup>)

5,000 SKF B



### 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<sup>1)</sup>)

0 SKF B



### 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 U.K. 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<sup>1)</sup>)

1,500 SKF B



### 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<sup>1)</sup>)

1,000 SKF B

1) 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.



**Rickard Gustafson**

President and Chief Executive Officer of AB SKF, Board member since 2021  
Born 1964

**Education and job experience**

Master of science from the Institute of Technology at Linköping University. Previous senior positions include president and CEO of the SAS Group, 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**

(own and/or held by related parties<sup>1)</sup>  
9,600 SKF B



**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. Other leading positions with IMI plc such as Divisional Managing Director, Precision Engineering 2020–2023. 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<sup>1)</sup>  
0 SKF B



**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. 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<sup>1)</sup>  
0 SKF B



**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. 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<sup>1)</sup>  
5,000 SKF B



**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). Partner at Cevian Capital since 2017. 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<sup>1)</sup>  
0 SKF B

1) 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.



## Employee representatives

### Jonny Hilbert

Board member since 2015  
Born 1981

#### Education and job experience

Employed in the SKF Group since 2005.

#### Other assignments

Chair Unionen, SKF, Gothenburg.

#### Shareholding (own and/or held by related parties<sup>1)</sup>)

0 SKF B

### Zarko Djurovic

Board member since 2015  
Born 1977

#### Education and job experience

Employed in the SKF Group since 2006.

#### Other assignments

Chair Metalworker's Union, SKF, Gothenburg.

#### Shareholding (own and/or held by related parties<sup>1)</sup>)

0 SKF B

### Thomas Eliasson

Deputy Board member since 2021  
Born 1965

#### Education and job experience

Employed in the SKF Group since 1984.

#### Other assignments

Chief Safety Representative and Board member of Unionen at SKF in Gothenburg.

#### Shareholding (own and/or held by related parties<sup>1)</sup>)

0 SKF B

### Steve Norrman

Deputy Board member since 2021  
Born 1965

#### Education and job experience

Employed in the SKF Group since 1994.

#### Other assignments

Vice Chair and Safety Officer Metalworker's Union, SKF, Gothenburg.

#### Shareholding (own and/or held by related parties<sup>1)</sup>)

0 SKF B

1) 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.



**5 Internal control and risk management regarding financial reporting**

SKF uses the established framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as a foundation. SKF has implemented these requirements as a Group standard, SKF Internal Control Standard (SICS) for all Group Companies. Through its policies, instructions and organizational structure, SKF has documented the division of responsibility throughout the SKF organization. This is reflected in the fact that policies and instructions, where applicable, are developed on the basis of internationally accepted standards and/or best practice. Policies and instructions are reassessed by the responsible central function based on the need to adapt these to changes in requirements and legislation.

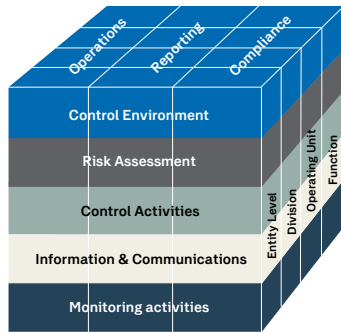
SKF is a process-oriented company and includes integrated risk assessment with the business processes such as business planning. In the area of control activities, SKF has documented all the critical finance processes and controls for the parent company and subsidiary companies. The documentation standards require that relevant controls in the business processes are described and performed. When deficiencies in individual controls are identified, action plans are created to remediate control gaps. A selection of defined control activities are tested annually. SKF has a risk approach to controls, control testing and actions to remediate control gaps. During 2023 self-assessments and control test activities have been performed in business processes cross the regions including also smaller entities that are not covered by external auditors.

SKF has information and communication systems and procedures in place in order to ensure the completeness and correctness of the financial reporting. Accounting and reporting instructions are updated when necessary. These instructions are available to all relevant employees together with training material. Changes to accounting and reporting instructions are communicated regularly. Detailed financial process and control documentation are stored centrally and/or locally. This enables access to individual control documentation and analysis of results from the testing of SKF's financial internal control system.

SKF has an internal control function, with the main responsibility to support the business to implement and maintain good internal control as well as to perform control testing to evaluate adherence with the framework and identify control weaknesses.

The internal audit department conducts high level risk-based process audits within prioritized areas. The internal audit and internal control functions report to the Global Finance Sustainability & Operation Director who regularly submits reports to the Audit Committee of the Board of Directors. The Board of Directors receives regular financial reports and the Group's financial position and development are discussed at every Board meeting. The Audit Committee of the Board of Directors reviews all interim and annual financial and sustainability reports before they are released to the public.

Gothenburg, 4 March 2024  
The Board of Directors



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# Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in AB SKF (publ), corporate identity number 556007-3495

## Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the financial year 2023-01-01–2023-12-31 on pages 141–148 and that it has been prepared in accordance with the Annual Accounts Act.

## The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate govern-

ance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

## Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, March 4, 2024  
Deloitte AB

*Signature on Swedish original*

Hans Warén  
Authorised Public Accountant