

How to do the right thing

The SKF Code of Conduct



The Code of Conduct represents the DNA of SKF, outlining our most fundamental responsibilities. It defines who we are.

It's not just a policy. It's the skills, attitude and mindset of how we behave when we interact with our business partners and with each other. It's the responsibilities we have towards our society and environment. When we are in doubt, the Code tells us the correct course of action.

To make it work, our Code must be in our minds and our actions every day. We all have the responsibility to know our Code and follow it. Nobody can opt-out. Not for any reason. Every year we ask employees to confirm their commitment to the Code. I have committed, and I need you to do it as well.

Our Code of Conduct is our shared responsibility. I'm fully committed to the Code, and I count on you to join me.

We are SKF. We do the right thing.



Rickard Gustafson, President and CEO



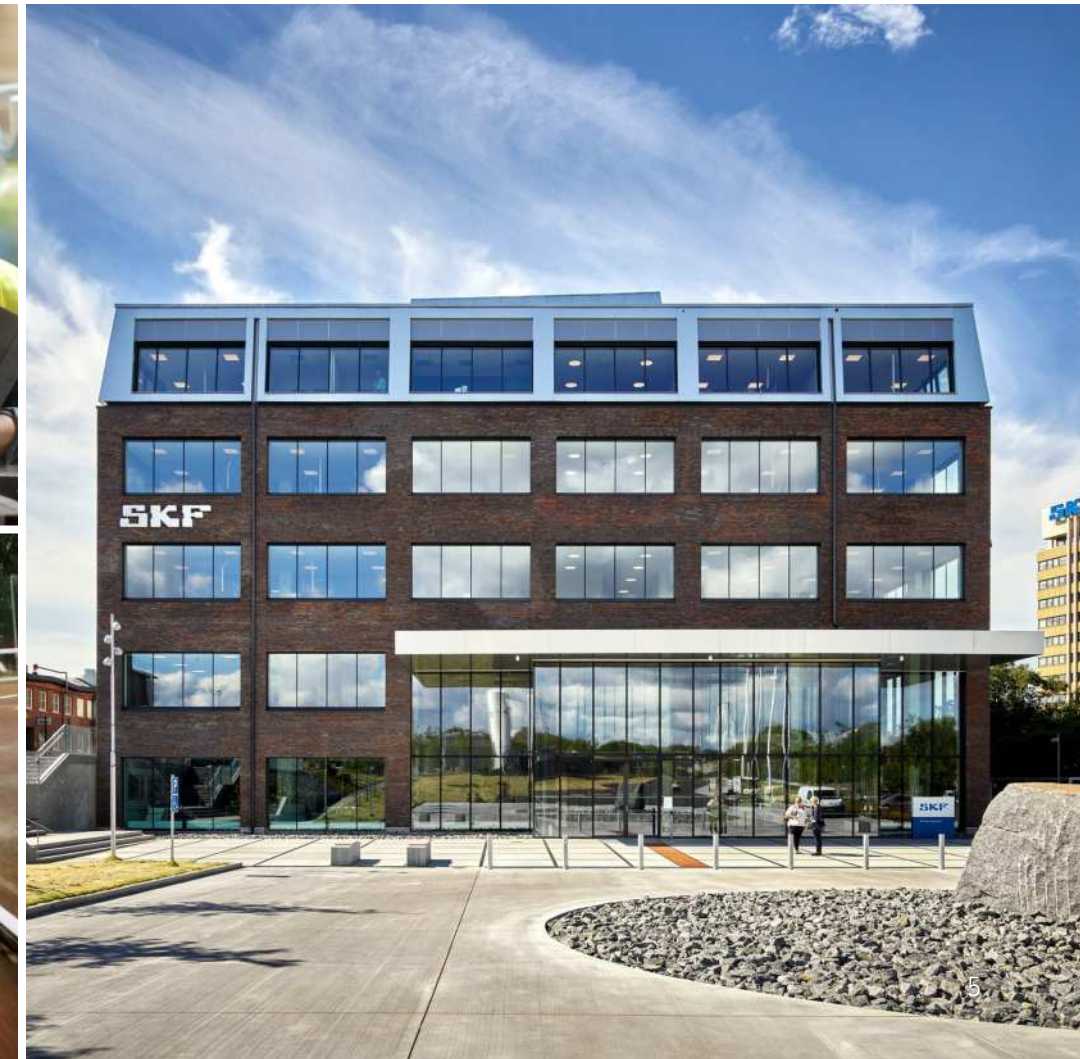
The SKF Code of Conduct

SKF is a leading global company that develops, produces and markets products, solutions and services that create value for our customers and for society. We do this with the overall objective of attaining long-term and sustained profitability. The SKF Code of Conduct describes our responsibilities and the way we run our business. It is based on our core values – High Ethics, Empowerment, Openness and Teamwork.

Compliance with applicable laws and regulations is a fundamental requirement of our Code of Conduct. In addition, we adhere to international standards and guidelines such as the United Nations' 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.

Four areas of responsibility are covered through our Code of Conduct:

- Responsibility towards customers, distributors and suppliers
- Responsibility towards employees
- Responsibility towards society and the environment
- Responsibility towards shareholders



Responsibility towards customers, distributors and suppliers

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 commitment requires that:

- We gain and maintain business by creating business value for our business partners.
- Our business relationships are professional and based on trust and mutual respect.
- We do not participate in any kind of corrupt or other criminal activity. This includes bribes, facilitation payments and money laundering.
- The value of gifts and favours to representatives of business partners is moderate and does not exceed local customs. Any gifts or favours offered must not impair SKF's reputation as an ethical company.
- We avoid offering gifts and favours to persons working for, or representing public bodies and state-owned companies. Gifts and favours to such persons may, however, be offered should the circumstances so require. Any gift or favour to such person must adhere to the local SKF gift policy, be moderate in value and not exceed local customs.
- All our decisions and activities are compliant with applicable antitrust, export control and data privacy regulations and each of us has appropriate knowledge of the regulations.
- We honour contracts and agreements entered into.
- We do not have any conflict between private economic or personal interests and those of SKF.
- SKF has specific codes of conduct for suppliers, distributors, agents and other intermediaries, which are based on the SKF Code of Conduct. We have business relationships only with suppliers, distributors, agents and other intermediaries, which comply with these codes of conduct.
- We do not engage with distributors, agents and other intermediaries whose ownership structure is not transparent, or which ultimate owner(s) are involved in criminal activities.



“By adhering to the Code of Conduct, we earn our business partners’ trust and respect.”

Nadine Korell,
Regional Manager Industrial Sales
East Europe



Responsibility towards customers, distributors, and suppliers: Case study
Made-up example to discuss, learn from, and reflect on to understand
the Code of Conduct better.

How do you win a customer back?

50 million SEK. Per year. And now it's about to go away. After years of great partnership based on mutual respect, you fear that your number one customer is about to leave you for your number one competitor. Of course, you are very concerned, and to make matters worse, you start hearing disturbing rumours.

The talk of the town is that your competitor is about to win the deal after a long time presenting the customer with favours, expensive gifts, and exclusive dinners. Someone even said something about a luxurious family vacation.

What do you do now? If you don't win the customer back, you risk your business unit missing the set financial targets and might even lose reputation in the market. Indeed, you must win the customer back at any cost. Or must you?

There are several ways to do the right thing and a few things we shall not do. When you face a difficult situation or ethical dilemma, speak out and discuss it with your manager and colleagues. Ask for advice. Use the Code of Conduct as a guide.



Responsibility towards employees

In all we do, we strive towards a positive and engaging work environment. We assure health and safety, acknowledge wellbeing and recognize good work performance.

Employees' rights and needs are respected, contributions are valued and concerns are taken seriously. Employees are given equal opportunities to develop their skills and competence in order to reach their full potential and develop their careers. In turn, our employees support SKF's continued success by working towards agreed goals in accordance with our values and the SKF Code of Conduct.



Our working ethics 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 are 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 provide non-discriminatory working conditions and we promote diversity.
- We do not tolerate any forms of sexual or other kinds of harassment, 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 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 in which we operate. In addition to local legislations, we shall ensure that safety is not compromised through excessive working hours.
- SKF management promotes employee wellbeing.
- We provide employees with good opportunities to train for job enrichment and wider responsibility. Employees are entitled to regular performance review and competency management reviews.
- 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.

“How we treat each other impacts how far we can reach as a company.”

Ann-Sofie Zaks,
Senior Vice President People Experience

Responsibility towards employees: Case study
Made-up example to discuss, learn from, and reflect on to understand
the Code of Conduct better.

Should Frank be reprimanded?

Being a committed colleague, competent in his field, Frank is the person to go to for an honest and often correct opinion. Even if you don't ask him, he is no stranger to speaking his mind anyway. Right now, he is in the middle of a heated argument with your team manager about an unexpected problem with a product tested at a customer's mine.

Your manager tries to get her point across, but Frank interrupts her again and again. Bluntly indicating she lacks competence; Frank loudly suggests that her way would create more problems and put SKF's reputation at risk. Frank's words and attitude make everyone in the room uncomfortable.

The team leans towards your manager's idea, but you start to understand that Frank sees the whole thing differently. He may have a point and if he is right, the decision about to be taken may cause serious trouble for SKF. What do you do? What is the manager's responsibility, and what is yours?

There are several ways to do the right thing and a few things we shall not do. When you face a difficult situation or ethical dilemma, speak out and discuss it with your manager and colleagues. Ask for advice. Use the Code of Conduct as a guide.



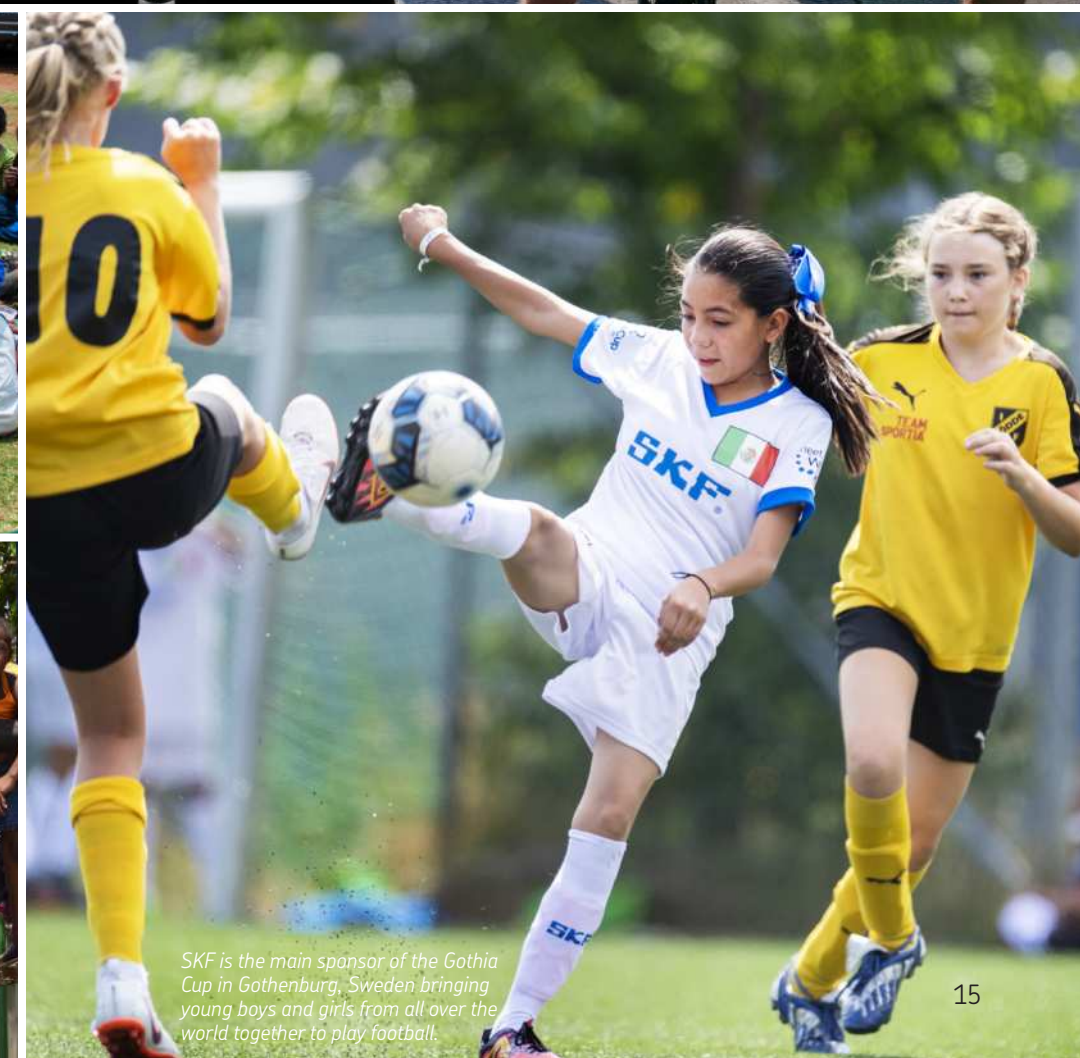
Responsibility towards society and the environment

Our ability to profitably manage and grow our business in an ethical manner is the foundation on which we build our social responsibility. We manage our business as a responsible member of society, showing respect for the laws, customs and needs of the different countries where we are present.

We have a firm commitment to ecologically sustainable development, and we strive to 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.

Our social commitment requires that:

- Our products and services are designed, produced and delivered with relevant safety information, so that they are safe for their intended use.
- SKF management has a social responsibility in the local communities in which we operate. We participate in activities aimed at personal development for less privileged people, supporting education and vocational training, supporting local sports and health initiatives, and stimulating other voluntary work.
- 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 stakeholders in a timely manner, and in accordance with applicable stock exchange rules. Marketing materials and activities shall be respectful and not demeaning.
- We establish and maintain relationships with local governments and authorities which are based on trust, transparency and mutual respect.
- We do not contribute financially to political parties or politicians and do not participate in politics. The Group President and CEO – in person or through explicit delegation – is the only person authorized to express political statements on behalf of SKF.
- We do not engage with associations where the agenda is not in line with the SKF Code of Conduct or that work against the international standards and guidelines that SKF adheres to.



SKF is the main sponsor of the Gothia Cup in Gothenburg, Sweden bringing young boys and girls from all over the world together to play football.

SKF supports a day care centre in South Africa.

Responsibility towards society and the environment

Our environmental commitment requires that:

- We comply with all applicable environmental legislations and continuously improve our performance.
- We work towards a circular economy model by improving material efficiency of our products, solutions and materials.
- We work to understand the environmental and climate impacts along our value chain - from raw material, manufacturing, and logistics to use at the customer and end of life. We find practical ways to systematically reduce these impacts and the associated risks and costs.
- We educate ourselves on the impact our day-to-day actions have on the environment, and adapt our behaviour to save energy and reduce waste and emissions.



We recycle 100% of steel scrap.

“We are in the middle of a global transformation as big as, if not bigger than, the electrification or digitalization of the industry.”

Johan Lantering,
Head of Sustainability



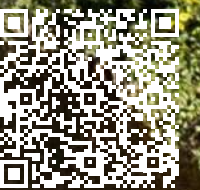
Responsibility towards the environment: Case study
Made-up example to discuss, learn from, and reflect on to understand
the Code of Conduct better.

Should we invest in the oil separator?

You have seen the measurements. The amount of oil in the spill water is well within limits almost all the time. Some rare peaks come close to the limit, but they have never been above what environmental legislation demands. And even if the plant is old and has had some oil leak incidents, they have been taken care of in good time, thanks to regular inspections.

A modern, efficient oil separator is a heavy investment. As the existing one does the job for the moment, is it worth the money to get a new one? Is it not better to wait, and take it in next year's business plan? Also, considering life cycle assessments, what's worse for the environment – building and installing a new oil separator or keeping the old one and maybe risk a tiny portion of oil in the local river for a couple of years?

There are several ways to do the right thing and a few things we shall not do. When you face a difficult situation or ethical dilemma, speak out and discuss it with your manager and colleagues. Ask for advice. Use the Code of Conduct as a guide.



Responsibility towards shareholders

We strive for a sustainable and improving return for our shareholders. Our shareholders' interests shall always be considered when determining strategies and activities.

Implementation of the SKF Code of Conduct

All employees are obliged to follow the Code of Conduct and no one in the organization has the mandate to authorize 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.

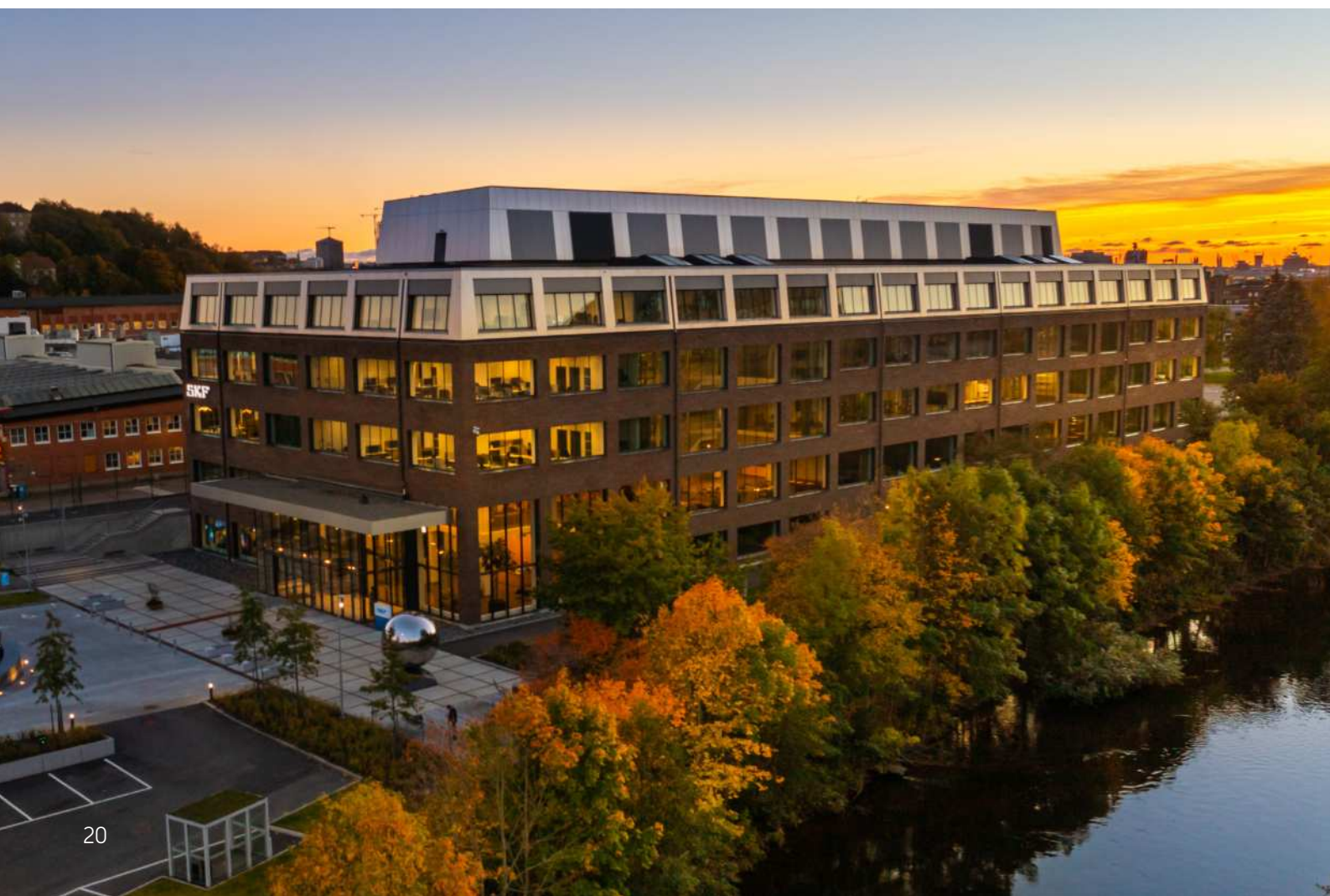
For issues of a sensitive nature that would be inappropriate to direct to a manager as stated above, for example, actions or behaviour carried out by the representatives of the company to which you belong, you can report the problem, anonymously if you wish, via the SKF Ethics and Compliance Reporting Line.

All reports will be treated in strictest confidence and SKF will not allow any retaliation towards anyone raising concerns or problems in good faith.

Compliance with the Code of Conduct shall be followed-up regularly and reported to SKF Group Management.

“I expect SKF to deliver a shareholder value that comes from nothing but ethical and sustainable business decisions. For that all SKF employees have a contribution. We are what we do.”

Håkan Buskhe,
Member of the Board and CEO of FAM AB (the Wallenberg foundation)



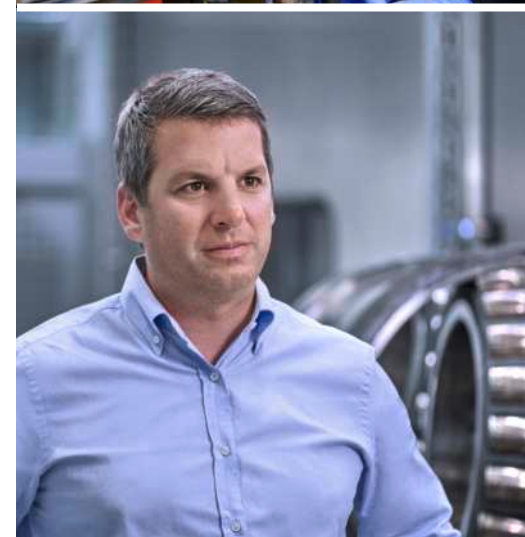
We are SKF. We do the right thing.

We all want to act in line with SKF values. We all want what's best for SKF. But it's not always clear what the correct course of action is, and sometimes the right answer might be surprising. That's where the SKF Code of Conduct can help.

If you feel something is not right

Speak out when you suspect, see or hear anything that goes against our code.
Or report your concern using our confidential whistleblowing channel.
You can be anonymous.

Visit: <https://report.whistleb.com/skfgroup>
from any computer or device and file your report.



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