

Our Code of Conduct

It's about trust.

For an international company such as ours to be consistently successful, it is vital that in performing our duties, each and every one of us does so in such a way that SKF is perceived and acknowledged as economically, socially and ethically responsible.

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

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 – and the ethical principles described in this Code of Conduct. We have the additional aim of actively involving all of our stakeholders whenever possible.

SKF participates in the UN Global Compact initiative and is consequently committed to its Ten Principles covering the areas of Human Rights, Labour Standards, Environment and AntiCorruption. SKF also adheres to the OECD Guidelines for Multinational Enterprises as well as relevant ILO Conventions and Recommendations.

Responsibility towards customers, distributors & suppliers

To gain and maintain business by continuous development and research and to be able to provide products, services and solutions that meet customers' expectations regarding quality, safety and environmental care, while always applying the highest standards of business ethics.

Responsibility towards employees

To respect employees and their rights, to offer safe and good working conditions, to offer non-discriminatory conditions and to continuously develop skills and competencies to enable the individual's satisfaction and career possibilities.

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 the protection of internationally proclaimed human rights. The aim of our environmental and social responsibility initiatives is to actively contribute to a sustainable development.

Responsibility towards shareholders

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

Responsibility towards customers, distributors & suppliers

Our business ethics

We demand honesty and integrity in all parts of our activities and expect the same from all parties with whom we have any business relation – customers, suppliers, partners, agents.

We advocate free and fair trade, striving for competition and ethical conditions within the rules of the legal framework.

In addition, we also support transparency and openness, provided that business secrets, the divulgence of which could harm the company's competitiveness and/or relationships with customers or partners, are not exposed.

Our business ethics also dictate that:

- bribes are forbidden and, consequently, that all forms of compensation to agents, suppliers and partners shall refer only to justified products or services.
- gifts and other favours as elements of expected hospitality must not exceed local customs and be in line with local laws.
- all employees must avoid any conflict of interest between private economic issues and the company's business; any case of uncertainty should be brought to the country management for judgment.
- all business transactions made on behalf of an SKF company must clearly appear in the company's accounting, conducted according to the Group's rules.

Suppliers

SKF encourages all its suppliers to adhere to similar codes of conduct and their performance in this respect has a significant impact on our selection process.

Consequently, a supplier who does not meet these standards runs an increased risk of being excluded from our demand chain.

Responsibility towards employees

Our working ethics

Leadership and the relationship between employees within SKF are based on our four core values. Among other things these values require that:

- all employees be treated equally, fairly and with respect regardless of race, gender, age, national origin, disability, caste, religion, sexual orientation, union membership or political affiliation.
- SKF does not engage in or support the use of forced labour, nor shall any employee be required to lodge "deposits" or identity papers when commencing employment with SKF.
- SKF does not engage in or tolerate the use of child labour. We define as child any person less than 15 years, unless local minimum-age law stipulates a higher age for work or mandatory schooling, in

- which case the higher age shall apply. If, however, local minimum-age law is set at 14 years in accordance with developing country exceptions under ILO Convention 138, the lower age will apply.
- SKF respects the right of all employees to form and join trade unions of their choice and to bargain collectively. SKF will 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.
 - SKF ensures that wages and other related benefits meet at least the legal or industry minimum standard in the country in question.
 - SKF complies with applicable laws and industry standard on working hours in each country where we operate.
 - SKF is committed to offering safe and healthy workplaces for all employees. SKF is certified to ISO 14001 and OHSAS 18001. The Group's aim, related to health and safety, is to eliminate rather than just reduce work-related accidents and injuries throughout its facilities. (See SKF Group Policy – Environment, Health and Safety.)
 - SKF strives to give employees good opportunities to train for job enrichment and wider responsibility, as expressed in the Individual Development Plan.
 - SKF will give all employees 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.
 - SKF ensures that the registration, filing and use of employee data is treated with strict confidentiality and in accordance with local legislation.

Responsibility towards society

Our social ethics

Communication

It is our policy to be open and approachable, to provide factual and consistent information about the Group's products, services and development.

Information essential to the stakeholders of the company shall always be given as fast as circumstances permit.

Environment, health and safety

We have a firm commitment to contribute to ecologically sustainable development. Consequently we are continually striving to improve environmental care and to ensure the health and safety of people dependent upon the activities of the Group. (Our Environment, Health and Safety policy and programmes are described in the Sustainability Report which is included in the Group's Annual Report.)

Responsibilities for environmental care are shared throughout the SKF Group – every employee has an important role to play. Our progress towards sustainable development is continuously monitored and externally reported annually.

Community relations and social responsibility

We act in a socially responsible way and within the framework of the national legislation of all the countries where we are present, creating jobs and supporting our customers.

Our ability to profitably manage and grow our business is the foundation by which we meet our social responsibility.

SKF's management is actively encouraged to find ways and activities by which SKF and its employees can make a positive and lasting impact on the society and the communities in which we operate.

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.

Responsibility towards shareholders

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

We keep our shareholders all over the world well informed about the activities, results and strategies of the Group, complying with the rules of the stock exchanges where the SKF shares are listed.

Political issues

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.

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.

Implementation of the Code of Conduct

All employees have the obligation to follow the Code of Conduct and no one in the organisation has the mandate to authorize exceptions from the Code of Conduct.

It is the responsibility of each manager within the SKF organisation to ensure that employees are fully informed about the Group's Code of Conduct and to ensure that this Code is implemented and followed. Managers should act in such a way that their behaviour is an example of the practice of the Code.

Group Management will regularly supervise the observance of the Code of Conduct.