

# Slavery and human trafficking statement

AB SKF is the parent company of the SKF Group (“SKF” or “SKF Group”).

AB SKF is committed to ensure that the companies within the SKF Group do not allow slavery or human trafficking. This commitment extends to the supply chains used by the SKF Group.

## Overall approach to Human Rights

SKF has endorsed or subscribed to a number of internationally recognized principles, charters and guidelines which promote sustainable and ethical business practices including human rights.

- SKF adheres to the ILO Declaration on Fundamental Principles and Rights at Work. By doing so SKF commits to upholding basic human values established by the ILO.
- SKF endorses and works to apply the OECD Guidelines for Multinational Companies. By doing this SKF commits to conducting business in a responsible manner, consistent with applicable laws and internationally recognized standards.
- SKF participates in the UN Global Compact. By doing so SKF commits to the defined principles within the Global Compact and to communicating its progress via its Annual Report.

The SKF Code of Conduct defines certain standards of ethical behaviour which shall be adhered to by all employees within the SKF Group. The policy clearly sets out the requirements not to use forced labour, child labour, to avoid other labour and human rights abuses which would include slavery and human trafficking. The policy is available on [skf.com \(SKF C of C\)](#).

SKF has a long established program to assure compliance with the Code of Conduct. The program includes mandatory training for employees, regular risk assessments, regular risk based auditing and the provision of an externally hosted reporting channel which employees can use for reporting ethical concerns.

## Supply Chain approach

SKF considers that the supply chain represents the most significant risk area for human rights related issues due to the lack of direct SKF management control, the large number of suppliers and the variation in legislation and enforcement in different regions.

SKF Code of Conduct for suppliers and sub-contractors ([SKF Supplier C of C](#)) mirrors the SKF Code of conduct and is part of SKF’s general terms and conditions of purchase. SKF communicates its ethical requirements in various ways including at supplier conferences, via the supplier web-portal, during supplier Code of Conduct audits and as a normal part of the supplier development process.

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A Responsible Sourcing function has been established within SKF's global purchasing organisation with the aim to assure suppliers' Code of Conduct compliance. SKF conducts Code of Conduct audits at selected supplier sites. A risk based approach (using externally and internally developed risk indexes) is used to identify which suppliers and sites should be audited.

Code of Conduct audits are conducted by trained SKF or external auditors and include a strong focus on human rights. Clear business consequences are defined in case of deviations from the code, up to and including ceasing the business relationship. SKF has carried out around 500 Code of Conduct supplier audits since 2012. The large majority of these audits have taken place in higher risk countries such as China and India.

#### **Collaborative initiatives**

During 2016, SKF joined Railsponsible (<http://railsponsible.org/>) which is a collaborative initiative between a number of companies involved in the European rail industry that aims to develop and improve the overall sustainability (including respect of human rights) of the extended supply chain of the European rail industry.

SKF is also an active member of the Swedish Network for Business and Human Rights - a network between some of the Swedish multinational companies aiming at sharing and developing approaches to protect human rights in the full value chain.

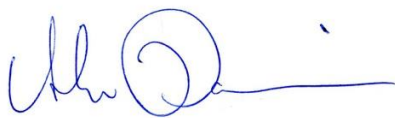
#### **Performance and follow up**

SKF follows up on the performance related to both the Code of Conduct and the Code of Conduct for suppliers and subcontractors and reports progress externally via the annual report ([Annual Report - 2015](#)).

This statement is made pursuant to Section 54, Part 6 of the Modern Slavery Act 2015 and sets out the steps the SKF Group has taken to ensure that slavery and human trafficking is not taking place in company operations or supply chains.

Göteborg, February 6 2017

**AB SKF**  
**(publ)**



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