

**SKF INDIA LIMITED**  
**CODE OF CONDUCT FOR DIRECTORS/SENIOR MANAGEMENT**

**SKF India Limited (SKF) is the leading supplier of products, customer solutions and services in the bearing business. We provide our customers with solutions designed to improve their competitiveness.**

**SKF's main task is to develop, produce and market products, solutions and services that satisfy the needs of our customers and are safe for their intended use. This shall be done with the overall objective to attain long-term and sustained profitability. Our products should be efficient in their use of energy, protective of the environment, and be recyclable or safely disposable.**

For SKF to be consistently successful, it is vital that the organization, and every member of the Board in the performance of his/her duties, is seen and perceived as economically, socially and ethically responsible.

This is the only way to ensure lasting, positive and acceptable, financial and social development.

SKF has defined four key areas of responsibility:

**Responsibility towards customers**

To gain and maintain customers by continuous development and research and to be able to provide products, services and solutions that meet customer's expectations regarding quality, safety and environmental care.

**Responsibility towards employees**

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

**Responsibility towards shareholders**

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

## **Responsibility towards society**

To manage the business as a responsible member of our society acting according to the laws of the country to express our support and show respect to the protection of internationally proclaimed human rights. We must make sure that we are not complicit in human rights abuses, and always consider health, safety and environmental issues in order to contribute to a sustainable development.

To fully perform these responsibilities we apply throughout the organization our core values - High Ethics, Empowerment, Openness and Team Work - and the ethical principles described in this Code of Conduct. It is also SKF's aim to actively involve all its stakeholders whenever possible.

## **Responsibility towards customers**

### **Business ethics**

SKF demands honesty and integrity in all parts of its activities and expects the same from all parties with whom the Company has any business relation - customers, suppliers, partners, agents.

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

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

SKF's 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 Directors must avoid any conflict of interest between private economic issues and the company's business; any case of uncertainty should be brought to the notice of the Board for judgment.
- all business transactions made on behalf of the company must clearly appear in the company's accounting, conducted according to the Company's rules.

## **Responsibility towards employees**

### **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 as required by local laws.
- 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.
- SKF ensures that wages and other related benefits meet at least the legal or industry minimum standard in India.
- SKF complies with applicable laws and industry standard on working hours in India and in each country where we operate.
- SKF is committed to offering safe and healthy workplaces for all employees. The Company's aim, related to health and safety, is to eliminate rather than just reduce work-related accidents and injuries throughout its facilities.
- 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 shareholders**

### **Finance ethics**

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

SKF keeps its shareholders well informed about the activities, results and strategies of the Company, complying with the rules of the stock exchanges where the SKF shares are listed.

## **Responsibility towards society**

### **Social ethics**

#### **Communication**

It is SKF's policy to be open and approachable, to provide factual and consistent information about the Company'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**

SKF has a firm commitment to contribute to ecologically sustainable development. Consequently SKF is continually striving to improve environmental care and to ensure the health and safety of people dependent upon the activities of the Company.

### **Community relations**

SKF acts in a socially responsible way and within the framework of the national legislation.

SKF's best contribution to social and economic development is to run our businesses professionally and profitably, thus being able to create jobs and support its customers

### **Suppliers**

SKF encourages its suppliers to adhere to similar codes of conduct.

### **Political issues**

SKF does not interfere in the political life of the country

Consequently, the company is forbidden to contribute financially to political parties or politicians. Likewise, the Company is not allowed to take part in party politics.

In relations with governments or international organisations, Managing Director is the only

person who can be authorized by the Board of Directors to express political statements on behalf of SKF.

## **IMPLEMENTATION OF THE CODE OF CONDUCT**

All Directors 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 Board of Directors of the Company to ensure that Directors are fully informed about the Code of Conduct and to ensure that this Code is implemented and followed. Directors should act in such a way that their behaviour is an example of the practice of the Code.

The Board of Directors will regularly supervise the observance of the Code of Conduct.

This Code of Conduct has its roots in SKF's long tradition and adheres to the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises.

## **DUTIES OF INDEPENDENT DIRECTORS**

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company,

shareholders and its employees;

- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.