

REMUNERATION REPORT

This report describes how the principles of remuneration for Group Management, adopted by the Annual General Meeting 2020 and revised in 2022, have been implemented in 2024. The report has been prepared in accordance with the Swedish Companies Act and the remuneration rules issued by the Stock Market Self-Regulation Committee.

SKF's view upon remuneration

Remuneration is an important component of SKF's total employee offering. The objective of the remuneration principles is to ensure that the SKF Group can attract and retain the best people to contribute to the SKF Group's mission, long-term interests and business strategy. Remuneration for Group Management, including the President and CEO, shall be based on market competitive conditions while aligning with the best interests of shareholders.

Closely linked to long term ambitions, targets and strategy

SKF's strategy is centred around two key concepts: Intelligent and clean. Intelligent reflects, among other things, the commitment to providing connected and customized solutions for customers while utilizing technology to improve operational efficiency. Clean emphasize SKF's role in driving a more sustainable industry and conducting business transparently and responsibly.

To capture profitable growth, SKF is focusing on several strategic priorities:

- Strengthening the position in high-growth segments where SKF already holds a strong foothold.
- Review the portfolio in order to concentrate on the most profitable segments, customers, and products.
- Develop solutions for emerging industries that leverage new technologies.
- Refocus the service business to deliver more value.

Central to the strategy is also the continued work towards net-zero greenhouse gas emissions in the entire value chain by 2050, with significant reductions in scope 1 and 2 already by 2030.

SKF's variable salary programmes effectively support the strategic objectives by aligning incentives with key areas of focus. Both the one-year and multi-year variable programmes are predetermined, measurable and structured to balance growth, profitability, operational efficiency and the reduction of greenhouse gas emissions, thereby driving both financial performance and sustainability.

Read more about the performance measures on pages 19–20.

Transparency and comparability

When it comes to salaries and compensation, SKF is committed to be transparent and open about the principles and actual outcomes. This also includes performance measures and criteria for variable compensation components.

Stakeholder dialogue is important to SKF, and this report takes into account, views, opinions and feedback from shareholders.

Key highlights 2024

For information about key highlights 2024, please see the President's letter on pages 7–9 in the SKF Annual Report 2024.

Remuneration governance

Remuneration to the Group Management, including the President and CEO, is governed by a set of principles of remuneration adopted by the shareholders at the Annual General Meeting. The principles of remuneration shall be adopted by the shareholders at least every fourth year. The principles currently in force were first adopted in 2020 and revised in 2022. The principles are found on the Group's webpage, www.skf.com and are further described in note 23 on pages 61–64 in the Group's Annual Report for 2024 (the "Annual Report 2024") which also contain information on remuneration payments expensed during the year as required by Chapter 5, Sections 40–44 of the Annual Accounts Act (1995:1554).

SKF's Board of Directors has established a Remuneration Committee responsible for the preparation of matters relating to remuneration to the Group Management. The Remuneration Committee has no executive directors i.e. no-one from the Group Management is part of the Remuneration Committee. Information on the work of the Remuneration Committee in 2024 is set out in the Corporate Governance report, which is available on pages 150–160 in the Annual Report 2024. Remuneration of the Board of Directors is not covered by the remuneration report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note 23 on page 61–64 in the Annual Report 2024.

Each year, the Remuneration Committee evaluates the overall remuneration package to Group Management and proposes to the Board of Directors, who resolve on the level, components and design of Group Management remuneration and incentive programmes for the forthcoming year in accordance with the principles of remuneration. This includes components such as fixed salary and the short term variable salary programme. In addition to remuneration covered by the principles of

remuneration, the Annual General Meeting of the Group has resolved to implement a performance share programme for senior managers and key employees. More information is found on pages 170 and 173.

As communicated in September 2024, the Board of Directors has decided to initiate a separation of the Group's Automotive business with the objective of a separate listing on Nasdaq Stockholm. To incentivize sustained dedication, focus and commitment from Group Management to achieve the ambitious goals to timely, efficiently and successfully create two robust and high-performing businesses and while simultaneously driving business results and growth, the Board of Directors has decided to introduce a separate incentive programme. Implementing a transformative project as described above while at the same time managing ongoing business performance is deemed by the Board of Directors to constitute a special cause to motivate a deviation from the principles of remuneration and introduce an additional remuneration component to align with SKF's long-term interests. Further information on this incentive programme is available on page 174.

Beyond the deviation described above, the principles of remuneration have been fully implemented and no derogations from the procedure for implementation of the principles have been made. The auditor's report regarding the Group's compliance with the principles is available on www.skf.com. No remuneration has been reclaimed.

This remuneration report has been prepared in compliance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act (2005:551) and the Rules on Remuneration to directors and Incentive programs issued by the the Stock Market Self-Regulation Committee.

Remuneration structure

In accordance with the principles adopted by the Annual General Meeting 2020 and revised in 2022, the total remuneration package for Group Management members, including the President and CEO, shall consist of fixed salary, variable salary, pension

benefits, conditions for notice of termination and severance pay, and other benefits. The components shall create a well-balanced remuneration reflecting individual performance and responsibility as well as the SKF Group's overall performance.

Components	Description in brief
Fixed salary	<p>The fixed salary of a Group Management members shall be at a market competitive level and determined based on competence, responsibility, experience and performance.</p> <p>SKF Group uses an internationally well-recognized evaluation system to evaluate the scope and responsibilities of the position. Market benchmarks shall be conducted on a yearly basis. The performance of Group Management members shall be continuously monitored during the year and shall be used as a basis for annual reviews of fixed salaries.</p>
One-year variable salary	<p>The variable salary of Group Management members shall be determined according to a performance-based programme. The satisfaction of criteria for awarding variable salary shall be measured over a period of one year. The maximum variable salary is set between 50% to 70% of the accumulated annual fixed salary of Group Management members.</p> <p>Purpose of the programme The purpose of the programme is to motivate and compensate value-creating achievements to support operational, financial and sustainability targets, thereby promoting the SKF Group's business strategy, sustainability and long-term interests. The performance-based programme shall have pre-determined and measurable criteria which can be both financial and non-financial.</p> <p>Description and purpose of the performance criteria SKF's variable salary programme aligns well with the strategy by directly incentivizing key performance areas that support long-term ambitions. Below is an explanation of how each performance criterion corresponds to the strategy:</p> <ol style="list-style-type: none"> Adjusted operating margin: This metric encourages profitability and is aligned to SKF's focus on optimizing value creation and achieving profitable growth. Rewarding improvements in operating margin supports enhancements in efficiency and cost management, and also supports the review of the portfolio to focus on more profitable segments, customers, and products. Net working capital: Managing net working capital effectively ensures liquidity and operational efficiency, which is crucial for the ability to make investments and sustain growth. Organic growth: By incentivizing organic growth, SKF encourage innovation and market expansion. This aligns with the strategy to focus on customer value creation, high-growth segments and new technologies, driving sustainable and profitable growth. Reduction of greenhouse gas emissions: This component directly supports SKF's commitment to sustainability and achieving net-zero greenhouse gas (GHG) emissions in the entire value chain by 2050, with significant reductions in scope 1 and 2 already by 2030. By linking variable salary to emission reductions, SKF ensures that activities aimed at reducing GHG emissions are integrated into everyday business operations, reinforcing the strategy of enabling a more sustainable industry.

Components	Description in brief
Multi-year variable remuneration	<p>The multi-year variable for Group Management consists of shares received under SKF's Performance Share Programme.</p> <p>Purpose of the programmes The purpose is to motivate senior managers beyond their regular cash-based compensation and to align their interests with those of the Group's shareholders.</p> <p>Description and purpose of the performance criteria The programmes have pre-determined and measurable performance criteria that are distinctively linked to the business strategy and thereby to the SKF Group's long-term value creation, including its sustainability.</p> <ol style="list-style-type: none"> Total Value Added (TVA): This metric is a simplified economic value-added measure supporting SKF's focus on greater operating profit, capital efficiency and profitable growth. CDP Climate Change score: This component measures and incentivizes SKF's performance relating to climate change and environmental impact and reinforces the strategy of enabling a more sustainable industry. From PSP 2023 and onwards this criterion replaces the previous CO2 emission reduction target used in PSP 2022 programme.
Other benefits	<p>The SKF Group may provide other benefits to Group Management members in accordance with local practice. Premiums and other costs relating to such benefits shall depend on and follow local conditions and local practice but shall represent, as a general rule, a limited value and may amount to not more than 10% of the accumulated annual fixed salary of the members of Group Management. Other benefits can be, for instance, a company car or health and medical insurance.</p>
Pension	<p>The SKF Group shall strive to establish pension plans based on defined contribution models, which means that a premium is paid amounting to a certain percentage of the employee's annual salary. The commitment in these cases is limited to the payment of an agreed premium to an insurance company offering pension insurance. In addition to the basic pension, Group Management member shall normally be covered by a supplementary defined contribution pension plan. By offering this supplementary defined contribution plan, it is ensured that Group Management members are entitled to earn pension benefits based on the fixed annual salary above the level of the basic pension. The normal retirement age for Group Management members shall be 65 years.</p>
Severance pay	<p>In the event of termination of employment at the request of the company, the Group Management member shall receive a severance payment based on their years of service, up to a maximum of two years' fixed salary.</p>

Total remuneration of the President and CEO 2024

The table below sets out the total remuneration earned to SKF's President and CEO.

Total remuneration in 2024 (kSEK)

Year	Fixed remuneration			Variable remuneration			Extraordinary items	Total	Proportion of fixed and variable remuneration, %
	Fixed salary (including vacation pay)	Other benefits	Pension expense	One-year variable salary	Multi-year variable salary				
Rickard Gustafson, President and CEO	2024	15,712	266	6,013	4,582	3,628 ¹⁾	—	30,201	73/27
	2023	14,970	222	5,573	8,928	6,297	—	35,990	58/42

1) The multi-year variable consists of the PSP 2022 programme that vested on 7 February 2025. The share price at vesting was 221.40.

Change of remuneration for the President and CEO and company performance over the last reported financial years (kSEK)¹⁾

	2024	2024 vs. 2023	2023 vs. 2022	2022 vs. 2021	2021 vs. 2020
Remuneration	30,201	-5,789 (-16%)	+11,223 (+45%) ²⁾	+868 (+3.6%)	+2,506 (+11.7%)
Adjusted operating profit ³⁾	12,183,000	-794,000 (-6%)	+2,773,000 (+27%)	-635,000 (-5.9%)	+1,645,000 (+17.9%)
Cash flow ⁴⁾	10,792,000	-2,991,000 (-22%)	+8,142,000 (+144%)	+393,000 (+7.5%)	-3,017,000 (-36.5%)
Change in average remuneration on a full-time equivalent basis of employees in AB SKF	1,087	-50 (-4%)	+86 (+8%)	+3 (+0.3%)	+18 (+1.7%)

1) 2020 was the first reference year and, therefore, no year over year changes for the previously reported financial years (RFY) will be presented. Coming years will be added so that the annual change over the last five years will be visible.

2) The development of the President and CEO remuneration between 2022 to 2023 relates to a 2% increase on the fixed salary, an 18% increase related to improved results in the one-year variable salary programme and a 25% increase related to the multi-year variable salary programme (SKF Performance Share Program 2021). The SKF PSP 2021 was the first multi-year incentive program in which the President and CEO participated in and was allotted shares.

3) Operating profit excluding items affecting comparability.

4) Net cash flow from operating activities.

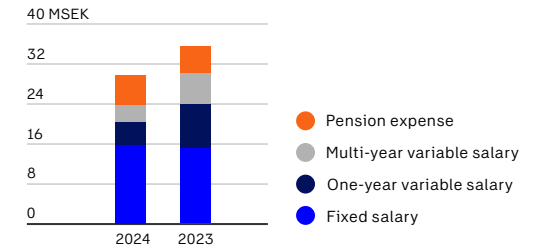
Comment on the development for 2024

The table above shows the CEO and average employee remuneration, along with the Group's financial performance development from 2020 to 2024. As can be seen, compared to the average employee remuneration, there is a higher variance in the CEO's remuneration, as it is more influenced

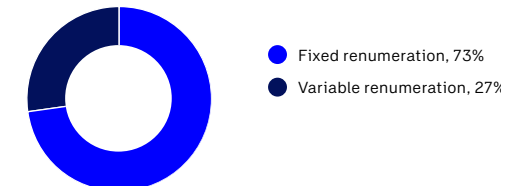
by variable components that depend on SKF's financial performance.

In 2024, the SKF financial performance is strong, though slightly softer compared to the previous year. This is reflected in the lower CEO remuneration for 2024 compared to last year.

Total remuneration CEO



Proportion of fixed and variable remuneration



One-year variable remuneration

The Board of Directors, each year, after preparation in the Remuneration Committee, resolve on the performance criteria for the one-year variable remuneration programme. The performance criteria for the President and CEO's variable remuneration have been selected to deliver the SKF Group's strategy and to encourage behaviour which is in the long-term

interest of the SKF Group. In the selection of performance criteria, the strategic objectives, sustainability, short-term and long-term business priorities for 2024 have been taken into account.

The first table describes how the performance criteria for the one-year variable remuneration were applied during the year.

For the 2025 programme, the Board have resolved on the same performance criteria as for the 2024 programme with a slight change in the relative weighting of the performance criteria (compared to the 2024 programme). See second table for the 2025 performance criteria.

One-year variable performance 2024 and remuneration of the President and CEO

	Performance criteria ¹⁾	Relative weighting of the performance criteria	Actual result 2024	Performance achievement 2024	Actual award 2024, KSEK
Rickard Gustafson, President and CEO	Adjusted operating margin	50%	12.3%	32.5%	
	Net working capital	30%	31.2%	0%	
	Organic growth	10%	-5.4%	0%	
	Reduction greenhouse gas emission	10%	>33,290 CO ₂ e metric tonnes reduction ²⁾	10%	
		100%		42.5%	4,582

Performance criteria and weighting for the 2025 one-year variable remuneration programme

	Performance criteria ¹⁾	Relative weighting of the performance criteria
Rickard Gustafson, President and CEO	Adjusted operating margin	40%
	Net working capital	20%
	Organic growth	30%
	Reduction greenhouse gas emission	10%
		100%

1) The criteria for adjusted operating margin, net working capital and organic growth can result in an outcome between 0% and 120%. The payout is linear between minimum and target and target and maximum.

The Greenhouse gas emission reduction criterion can only result in either a 0% payout if the target is not achieved or a 100% payout if the target is achieved or exceeded. However, the total outcome for the one-year variable remuneration is capped and cannot generate more than a 100% payout.

2) See more details on achieved CO₂ reduction in the Sustainability Report.

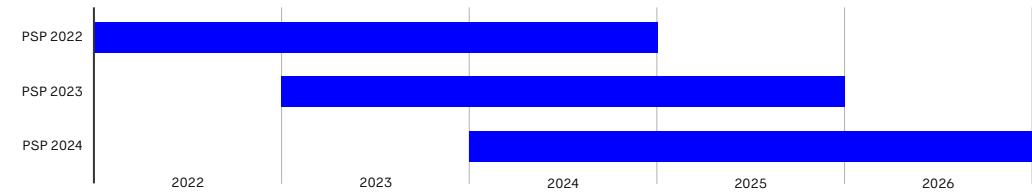
Multi-year variable remuneration (Performance Share Programme)

Since 2008 the Annual General Meeting has resolved each year upon a multi-year variable remuneration programme, the SKF Performance Share Programme (PSP) for senior managers and key employees. The performance criteria used to assess the outcome for each of the currently running programmes are

distinctively linked to the business strategy and, thereby, to the SKF Group's long-term value creation, including its sustainability.

For further information on all currently running Performance Share Programmes, please see below.

PSP, performance periods



Performance Share Programme expired in 2024

The SKF Performance Share Programme 2022 expired at the end of 2024.

Programme	Performance period	Vesting	Performance criteria	Conditions	Relative weighting performance criteria	Possible outcome	Maximum share awards granted to CEO	Actual result	Performance achievement	Number of shares allotted
PSP 2022	1 Jan 2022–31 Dec 2024	February 2025	TVA	Average of the Annual TVA over the performance period compared to the actual TVA of 2021	90 %	0%–100%	32,850	6,070 MSEK	34.89%	
			Reduction of CO ₂ emission ¹⁾	Average annual CO ₂ reduction equal to or above 41,100 metric tonnes	10 %	0% or 100% (binary)	3,650	>41,100 metric tonnes ²⁾	10%	
					100%		36,500		44.89%	16,385

Ongoing Performance Share Programme

Programme	Performance period	Performance criteria	Conditions	Relative weighting performance criteria	Possible outcome	Maximum share awards granted to CEO
PSP 2023	1 Jan 2023–31 Dec 2025	Total Value Added (TVA)	Over the performance period, the TVA performance target range is set annually against the baseline of the actual TVA achieved in the previous year. The overall performance achievement for the TVA performance measure of the programme is the average of achievements of the annual TVA targets.	80 %	0%–100%	
		CDP Climate Change score ¹⁾	Weighted average of the annual performance achievement for the performance period. An average score of A (CDP score) gives an outcome of 100%. An average score of below B (CDP score), gives a 0% outcome.	20 %	0%–100%	
				100%		54,904³⁾

Programme	Performance period	Performance criteria	Conditions	Relative weighting performance criteria	Possible outcome	Maximum share awards granted to CEO
PSP 2024	1 Jan 2024–31 Dec 2026	Total Value Added (TVA)	Over the performance period, the TVA performance target range is set annually against the baseline of the actual TVA achieved in the previous year. The overall performance achievement for the TVA performance measure of the programme is the average of achievements of the annual TVA targets.	80 %	0%–100%	
		CDP Climate Change score	Weighted average of the annual performance achievement for the performance period. An average score of A (CDP score) gives an outcome of 100%. An average score of below B (CDP score), gives a 0% outcome.	20 %	0%–100%	
				100%		54,386⁴⁾

1) From the SKF Performance Share Programme 2023 and programmes thereafter a performance criterion related to the CDP Climate Change score has been included in the programme and replaces the previous sustainability criterion (CO₂ emission) used in the 2022 programme.

2) See more details on CO₂ emissions reductions in the Sustainability report

3) Shares corresponding to a value of 75% of the fixed salary.

4) Shares corresponding to a value of 75% of the fixed salary.

Creation of two robust and high-performing businesses

To incentivize sustained dedication, focus, and commitment from Group Management to reach the ambitious goals, the Board of Directors has decided to implement a separate incentive program for Group Management. The goals include timely, efficient, and successful creation of two robust and high-performing businesses while driving business results and growth. This follows the announcement in September 2024 of the decision by the Board of Directors to initiate a separation of the Automotive business with the objective of a separate listing on Nasdaq Stockholm.

By investing in this programme, SKF creates a powerful motivator to, as far as possible, ensure successful execution of the separation and listing initiatives as well as the highest level of engagement from Group Management in reaching the ambitious goals and identified critical objectives key to the Group's long-term success.

The incentive programme offers the opportunity to be awarded a cash contribution in the form of a multiple of the monthly fixed salary. The performance period runs from 17 September 2024 until a successful listing on Nasdaq Stockholm of the Automotive business. Listing on Nasdaq Stockholm is subject to the approval of the shareholders at a general meeting. Payout will be made, following a decision by the Board of Directors, in the months following the potential listing on Nasdaq Stockholm.

The level of achievement and hence the level of payout under the programme is measured against certain pre-determined performance criteria. Provided that the performance criteria are fully met, the President and CEO may be awarded a cash contribution equal to twelve months of fixed salary. The performance criteria are: Timeline, the objective of following the listing timeline including the Automotive business being successfully listed on Nasdaq Stockholm, Target Delivery, an assessment based on the achievement of key deliverables in the project, and Cost Reduction, targets to identify and mitigate stranded costs and dis-synergies. The three performance criteria are weighted as follows: Timeline 50%, Target delivery 25% and Cost reduction 25%.

A precondition for payout under the programme is that the participants' employment has not been terminated. The awarded cash payment is not included in pensionable salary. The Board of Directors may modify or terminate the programme.

Before determining the final payout, the Board of Directors will assess whether the payout is reasonable considering the Group's financial results and position, the stock market conditions and other relevant factors. If deemed necessary, the Board may reduce the cash contributions to a lower amount considered appropriate.



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