

# SKF Code of Conduct

for suppliers and sub-contractors





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SKF's suppliers and sub-contractors have an important role to play in our demand chain, reflecting our high quality brand image. Consequently we expect our suppliers and sub-contractors to demonstrate the same high standards of ethics as at SKF. We also expect that our suppliers and sub-contractors apply a similar code of conduct in relation to their own suppliers and sub-contractors.

# 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 an open market 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.

Business ethics also dictate that:

- Bribes are forbidden and, consequently, that all forms of compensation from suppliers and sub-contractors 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.



# Working ethics

Suppliers and sub-contractors are expected 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.

These working ethics imply that:

- All employees shall be treated equally, fairly and with respect regardless of race, gender, age, national origin, disability, caste, religion, sexual orientation, union membership or political affiliation.
- It is not acceptable to engage in or support the use of forced labour, nor shall any employee be required to lodge “deposits” or identity papers when commencing employment.
- It is not acceptable to engage in or tolerate the use of child labour. The definition of child is 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.
- The right of all employees to form and join trade unions of their choice and to bargain collectively is respected. Official representatives of such trade unions will not be subject to discrimination and that such representatives have access to the union members and their workplace.



- Wages and other related benefits should meet at least the legal or industry minimum standard in the country in question.
- Applicable laws and industry standard on working hours in each country should be applied.
- Safe and healthy workplaces should be offered for all employees.
- Employees should be given good opportunities to further develop their skills and knowledge.
- Registration, filing and use of employee data should be treated with strict confidentiality and in accordance with local legislation.



# Social ethics

## **Environment, health and safety**

Suppliers and sub-contractors are expected to contribute to an ecologically sustainable development, to continually strive to reduce the environmental impact of their own operations, and to ensure the health and safety of their employees.

## **Communication ethics**

It is SKF's policy to be open and approachable, to provide factual and consistent information about the Group's products, services and development and we expect the same behavior from suppliers and sub-contractors.

## **Monitoring of adherence to the Code of Conduct**

SKF will use various methods to assess supplier and sub-contractor performance in these areas. The adherence to this Code must primarily be based on trust, but SKF will, from time to time, perform audits, supplier self assessments and regular requests for submittal of information or data related to supplier and sub-contractor performance. If a supplier or sub-contractor deviates from the requirements of this Code, appropriate corrective and preventative actions have to be taken. Suppliers or sub-contractors who persistently refuse to implement appropriate corrective and preventive actions or who have critical deviations against the Code run an increased risk of being excluded from current and future business with SKF.



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Publication **6928 EN** · January 2009

Printed in Sweden on environmentally friendly paper.