

# Modern Slavery Statement 2020

1. This statement
  - 1.1. This Modern Slavery Statement is made by SKF Australia Pty Ltd (ACN 004 236 855) (SKF Australia) for the financial year ended 31 December 2020.
  - 1.2. SKF Australia is committed to acting ethically in its approach to business relationships and implementing systems throughout its business to reduce the risks of modern slavery occurring within SKF Australia's business or supply chains.
  - 1.3. SKF Australia is committed to ensuring that it does not engage in, or condone, any form of modern slavery in its own operations or in its supply chains. SKF Australia expects the same zero tolerance approach will be taken by all of its contractors, suppliers and third parties with whom it works.
2. Our structure, operations and supply chains
  - 2.1. *Structure*
  - 2.2. SKF Australia is a wholly owned subsidiary of Swedish-based Aktiebolaget SKF (AB SKF). As such, it is part of a group of approximately 150 companies under AB SKF that employ over 44,000 employees worldwide and operates in over 130 countries (SKF Group).
  - 2.3. The SKF Group is a leading global supplier of bearings, seals, lubrication systems, and services include technical support, maintenance and reliability services, engineering consulting and training. SKF Australia supplies these products and services in Australia and employs approximately 125 people with a head office in Oakleigh, Victoria.
  - 2.4. As part of the SKF Group, SKF Australia abides by the SKF Code of Conduct, which defines certain standards of ethical behaviour which must be adhered to by all employees within the SKF Group. The SKF Code of Conduct clearly sets out the requirements not to use forced labour or child labour and to avoid other labour and human rights abuses which would include slavery and human trafficking.
  - 2.5. The SKF Group 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 and third parties can use for reporting ethical concerns.
  - 2.6. In addition to the Code of Conduct, the SKF Group endeavours to adhere to international standards and guidelines such as the Ten Principles of the United Nations Global Compact, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises and the International Chamber of Commerce Charter.
  - 2.7. *Operations and Supply Chain*
  - 2.8. The SKF Group and SKF Australia (collectively SKF) sources both materials and services from suppliers around the world reflecting its global operations.

- 2.9. To support SKF's global manufacturing footprint, SKF has sourcing offices around the world in Europe, China, India and in the Americas. Approximately 85–90% of supplies to each of SKF's factories comes from its local or regional suppliers.
3. Risks of modern slavery practices
  - 3.1. SKF's 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 variations in legislation and enforcement across different regions.
  - 3.2. The SKF Code of Conduct for Suppliers and Sub-contractors (Supplier Code of Conduct) mirrors the SKF Code of Conduct and is part of SKF's general terms and conditions of purchase. SKF also communicates its ethical requirements in various other 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.
  - 3.3. 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.
  - 3.4. Supplier 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.
  - 3.5. SKF Australia has implemented a Modern Slavery Policy (Policy) which includes the appointment of a Modern Slavery Compliance Officer, who is responsible for investigating reports of modern slavery or suspected modern slavery within SKF Australia's business and/or its supply chains, where and if required.
  - 3.6. Under its Policy, SKF Australia requires its entire staff to be responsible for ensuring that in SKF Australia's business:
    - (a) modern slavery is prevented;
    - (b) any risk of modern slavery is reduced or eliminated, where possible; and
    - (c) if an incidence of modern slavery arises, it is reported as soon as possible in accordance with this Policy.
4. Action taken to address the risks
  - 4.1. SKF Australia takes its obligations to assess and address modern slavery risks extremely seriously. Accordingly, during FY2020, SKF Australia has taken the following steps to assess and mitigate the risks of modern slavery in its operations and supply chains, including:
    - (a) monitoring compliance with the SKF Code of Conduct and the Supplier Code of Conduct; and
    - (b) reviewing the effectiveness of SKF Australia's existing modern slavery framework.
  - 4.2. *Monitoring compliance*
  - 4.3. In FY2020, SKF Australia performed audits and requested supplier self-assessments and regular submission of information or data related to supplier and sub-contractor performance.

- 4.4. If a supplier or sub-contractor deviates from the requirements of the Supplier Code of Conduct, appropriate corrective and preventative actions are required to be taken. Suppliers or sub-contractors who persistently refuse to implement appropriate corrective and preventive actions, or who have critically deviated from the Supplier Code of Conduct, run an increased risk of being excluded from current and future business with SKF.
- 4.5. *Assessment of Effectiveness*
- 4.6. SKF Australia has reviewed its existing codes of conduct and policies to ensure that they are consistent with the expected standards of conduct that its employees, suppliers and sub-contractors (both domestically and globally) are expected to follow.
- 4.7. These codes and policies make it unequivocally clear that the principles of human rights and dignity for individuals with respect to hours of work, working conditions, employment practices, and wage rates must be followed. In addition, these codes and policies also ensure that SKF employees, suppliers and sub-contractors understand SKF's expectations and that any use or tolerance of any form of child labour, work performed under coercion, human trafficking or modern slavery in SKF's supply chain is unacceptable and will not be tolerated.
- 4.8. SKF Australia continues to reinforce its expectations on its employees, vendors and suppliers, so they can continue to be aware of the potential involvement in modern slavery, and act to mitigate and address it.
- 4.9. SKF Australia is committed to regularly reviewing and monitoring these policies to ensure that they remain effective and kept up to date with the current expected standards.

This statement was prepared by the Human Resources and Operations Manager and approved by the Board of Directors of SKF Australia Pty Ltd.



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