

For further information, please contact:

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## Notice of Annual General Meeting

Gothenburg, 14 February 2023: Notice is hereby given that the Annual General Meeting of Aktiebolaget SKF will be held at Radisson Blu Scandinavia Hotel, Södra Hamngatan 59, Gothenburg, Sweden, at 14.00 on Thursday, 23 March 2023. The doors are open from 13.00. Light refreshments will be served prior to the Annual General Meeting between 13.00 and 14.00.

The Board of Directors has decided that the shareholders shall be able to exercise their voting rights by postal voting in accordance with the company's articles of association.

A summary of the President's address will be available at the company's website, [www.skf.com](http://www.skf.com), after the Annual General Meeting.

### Preconditions for participation

- A) Shareholders who wish to participate at the Annual General Meeting by postal voting must
  - be recorded in the shareholders' register kept by Euroclear Sweden AB by Wednesday, 15 March 2023,
  - and must notify its intention to participate by casting its postal vote in accordance with the instructions under the heading "Postal voting" below so that the postal voting is received by the company through Computershare AB no later than 17 March 2023.
- B) Shareholders who wish to participate at the Annual General Meeting in person or by proxy in the meeting room must
  - be recorded in the shareholders' register kept by Euroclear Sweden AB as per Wednesday, 15 March 2023
  - and must notify its intention to participate to the company at the latest on 17 March 2023 by letter to Computershare AB, "AGM 2023 of AB SKF", Box 5267, SE-102 46 Stockholm, Sweden, via e-mail to [proxy@computershare.se](mailto:proxy@computershare.se), via the company's website [www.skf.com](http://www.skf.com), or by phone +46 31 337 25 50 (weekdays between 09.00 and 16.00). When notifying the company, preferably in writing, this should include details of name, address, telephone number, registered shareholding and number of advisors, if any.

To be entitled to participate in the Annual General Meeting, a shareholder whose shares are held in the name of a nominee must, in addition to providing notification of participation, register its shares in its own name so that the shareholder is recorded in the share register

relating to the circumstances on 15 March 2023. Such registration may be temporary (so-called voting right registration) and is requested from the nominee in accordance with the nominee's procedures and in such time in advance as the nominee determines. Voting right registrations completed by the nominee not later than 17 March 2023 are taken into account when preparing the share register.

## **Participation in person or by proxy**

Shareholders who wish to attend in person in the meeting room, in person or by proxy, must notify its intention in accordance with B) above. This means that notice by postal voting only is not enough for anyone who wishes to attend in the meeting room.

Where representation is being made by proxy, the proxy form shall be sent to the company to the above address before the Annual General Meeting. If the shareholder is a legal entity, a certificate of incorporation or a corresponding document shall be enclosed.

## **Postal voting**

A special form shall be used for postal voting. The form is available on [www.skf.com](http://www.skf.com).

The completed and signed voting form must be received by SKF through Computershare AB no later than 17 March 2023. The form may be submitted by post to Computershare AB, "AGM 2023 of AB SKF", Box 5267, 102 46 Stockholm or via e-mail to [proxy@computershare.se](mailto:proxy@computershare.se). Shareholders may also cast their postal votes electronically through Swedish BankID verification via SKF's website [www.skf.com](http://www.skf.com). Shareholders who are represented by a proxy holder shall submit a proxy form enclosed to the voting form. If the shareholder is a legal entity, a certificate of incorporation or a corresponding document shall be enclosed to the form.

Shareholders are not permitted to add special instructions or conditions to their postal votes. If this is done, the vote (i.e. the postal vote in its entirety) will be invalid. Further instructions and conditions can be found on the postal voting form.

For questions about the meeting or to have the postal voting form sent by post, please contact Computershare AB on telephone +46 31-337 25 50.

## **Proposed agenda**

1. Opening of the Annual General Meeting
2. Election of a Chair for the Annual General Meeting
3. Drawing up and approval of the voting list
4. Approval of agenda
5. Election of persons to verify the minutes
6. Consideration of whether the Annual General Meeting has been duly convened
7. Presentation of annual report and audit report as well as consolidated accounts and audit report for the Group
8. Address by the President
9. Matter of adoption of the income statement and balance sheet and consolidated income statement and consolidated balance sheet for the Group
10. Resolution regarding distribution of profits and record date
11. Matter of discharge of the Board members and the President from liability
12. Determination of number of Board members and deputy members
13. Determination of fee for the Board members

14. Election of Board members and deputy Board members  
The Nomination Committee's proposal for Board members:
  - 14.1 *Hans Stråberg*
  - 14.2 *Hock Goh*
  - 14.3 *Geert Follens*
  - 14.4 *Håkan Buskhe*
  - 14.5 *Susanna Schneeberger*
  - 14.6 *Rickard Gustafson*
  - 14.7 *Beth Ferreira*
  - 14.8 *Therese Friberg*
  - 14.9 *Richard Nilsson*
  - 14.10 *Niko Pakalén*
15. Election of Chair of the Board of Directors
16. The Board of Directors' remuneration report
17. The Board of Directors' proposal for a resolution on SKF's Performance Share Programme 2023

## **Proposal under item 10**

The Board of Directors proposes a dividend of SEK 7.00 per share. It is proposed that shareholders with holdings recorded on Monday, 27 March 2023 be entitled to receive the proposed dividend. Subject to resolution by the Annual General Meeting in accordance with this proposal, it is expected that Euroclear will distribute the dividend on Thursday, 30 March 2023.

## **Proposals under items 2, 12, 13, 14 and 15**

The Nomination Committee formed according to a resolution of the Annual General Meeting 2020 to represent all shareholders of the company consists of, besides the Chair of the Board of Directors, representatives of FAM, Cevian Capital, AFA Försäkring, and Skandia, shareholders who together represent around 40% of the votes of the total number of company shares. The Nomination Committee has informed the company about the following proposal:

- Item 2 - that Erik Sjöman is elected Chair of the Annual General Meeting;
- Item 12 - that the Board of Directors shall consist of ten members and no deputy members;
- Item 13 - that the Board members elected by the Annual General Meeting and not employed by the company, for the period up to the end of the next Annual General Meeting, receive a fee according to the following:
  - a) An allotment of SEK 2,610,000 to the Chair of the Board of Directors, SEK 1,305,000 to the Vice Chair of the Board of Directors and SEK 850,000 to each of the other Board members; and
  - b) an allotment of SEK 295,000 to the Chair of the Audit Committee, with SEK 217,000 to each of the other members of the Audit Committee, with SEK 170,000 to the Chair of the Remuneration Committee, with SEK 135,000 to each of the other members of the Remuneration Committee, with SEK 170,000 to the Chair of the Sustainability Committee and with SEK 135,000

to each of the other members of the Sustainability Committee;

- Item 14 - re-election of the Board members Hans Stråberg, Hock Goh, Geert Follens, Håkan Buskhe, Susanna Schneeberger and Rickard Gustafson. It is proposed that Beth Ferreira, Therese Friberg, Richard Nilsson and Niko Pakalén are to be newly elected.
- Item 15 – that Hans Stråberg is re-elected as the Chair of the Board of Directors.

Beth Ferreira is Divisional Managing Director, Precision Engineering at IMI plc. She has previously held several senior positions, including as group president for several different business areas for Illinois Tool Works (ITW).

Therese Friberg is Group CFO and Executive Vice President of Electrolux. She has held several senior positions within the Electrolux Group, including as CFO and managing controller for different business areas.

Richard Nilsson is Investment Director at FAM AB and board member of Stora Enso Oyj, IPCO AB, GROPYUS AG and Cinder Invest AB. He was previously equity research analyst at SEB Enskilda, Alfred Berg and Handelsbanken.

Niko Pakalén is partner at Cevian Capital and board member of TietoEvry Oyj. He has previously held leading positions within Cevian Capital and worked at Danske Bank.

A presentation of the proposed Board can be found at the company's website [www.skf.com](http://www.skf.com). Colleen Repplier has declined re-election at the Annual General Meeting 2023.

## **Proposal under item 16**

The Board of Directors has prepared a Remuneration report which is proposed to be approved by the Annual General Meeting. The Remuneration report is available on the company's website, [www.skf.com](http://www.skf.com).

## **Proposal under item 17**

The main contents of the Board of Directors' proposal are stated below. The complete proposal is available at the company and at the company's website, [www.skf.com](http://www.skf.com).

At the Annual General Meeting in 2008 the SKF Group introduced a long-term performance share programme for senior managers and key employees. Since then, the Annual General Meeting has resolved each year upon a performance share programme.

The Board proposes, in order to continue to link the long-term interests of the participants and the shareholders, strengthening the SKF Group's ability to attract and retain the best people and to contribute to the SKF Group's business strategy, its long-term interests and sustainability, that a decision be taken at the Annual General Meeting 2023 on SKF's Performance Share Programme 2023.

The programme is proposed to cover not more than 225 senior managers and key employees in the SKF Group with an opportunity to be allotted, free of charge, SKF B shares

in accordance with the following principal terms and guidelines. Under the programme, not more than in total 1,000,000 SKF B shares may be allotted.

The allotment of shares shall be related to the level of achievement of the Total Value Added (TVA) target, as defined by the Board, and SKF's CDP Climate Change score target<sup>1</sup>. The TVA performance measure is weighted 80% and the CDP Climate Change score performance measure is weighted 20%.

#### TVA performance measure

TVA is a simplified, economic value-added model promoting greater operating profit, capital efficiency and profitable growth. TVA is the operating profit, less the pre-tax cost of capital.

Over the three-year programme period (2023-2025), the TVA performance target range is set annually by the Board 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. In order for allocation of shares to take place, the average TVA development must exceed a certain minimum level (the threshold level). In addition to the threshold level, a target level is set. Maximum allotment is awarded if the target level is reached or exceeded. By way of example, if the TVA achievement year 1 is 80%, year 2 is 100% and year 3 is 0%, the overall performance achievement of the programme would then be 60% ( $(80\% + 100\% + 0\%) / 3$ ).

#### CDP Climate Change score performance measure

CDP is a global non-profit organization known for its assessments and scoring methodology to evaluate companies' disclosure and performance relating to climate change and environmental impact. The CDP Climate Change score is based on an extensive questionnaire requiring disclosure and performance in the following categories: business strategy, financial planning & scenario analysis, emissions reduction initiatives, energy, governance, opportunity disclosure, risk disclosure, risk management processes, scope 1 & 2 emissions, scope 3 emissions, targets, and value chain engagement.

This comprehensive assessment and the resulting score are known across the investor and customer communities as a credible third-party view on companies' approaches to climate change. The score ranges from A (leadership level) to D- (disclosure level). SKF received an A- in 2022 which is in the leadership band. This is higher than the Europe regional average of B, and higher than the metal product manufacturing sector average of C. The score is set annually and the bar is raised every year, reflecting increasing stakeholder expectations. SKF's performance achievement and CDP score will therefore require continuous improvements.

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<sup>1</sup> Adjusted from the SKF Group net zero 2030 target stated in the SKF Year-end report 2022.

The overall performance achievement for the CDP Climate Change score is the weighted average of the annual performance achievement, based on the following criteria:

<u>SKF's CDP Climate Change score</u>	<u>Performance achievement</u>
<u>A</u>	<u>100%</u>
<u>A-</u>	<u>75%</u>
<u>B</u>	<u>50%</u>
<u>&lt;B</u>	<u>0%</u>

For example, if SKF's CDP score is B year 1, A- year 2 and A year 3, the overall performance achievement for the full programme period is 75% (50%+75%+100% / 3).

Provided that the performance measures of the programme are fully met, the participants of the programme may be allotted up to the following maximum number of shares per person within the various key groups:

CEO and President – shares corresponding to a value of 75% of the fixed base salary  
Other members of Group Management – shares corresponding to 55% of the fixed base salary or 13,000 shares, whichever is higher  
Managers of large business units and similar – 4,500 shares  
Other senior managers – 3,000 shares  
Other key persons – 1,250 shares

If the total outcome of the programme exceeds the threshold level for allotment of shares but the final allotment is below 5% of the target level, payment will be made in cash instead of shares, whereupon the amount of the cash payment shall correspond to the value of the shares calculated on the basis of the closing price for SKF's B share the day before settlement.

Allotment of shares requires that the employment of a person covered by the programme is not terminated before the end of the programme period. If all the conditions included in SKF's Performance Share Programme 2023 are met, allotment of shares shall be made free of charge following the expiry of the three-year calculation period, i.e. during 2026.

Before the number of shares to be allotted is finally determined, the Board shall examine whether the allotment is reasonable considering SKF's financial results and position, the conditions on the stock market as well as other circumstances, and if not, as determined by the Board, reduce the number of shares to be awarded to the lower number of shares deemed appropriate by the Board.

The Board is furthermore entitled to introduce an alternative incentive solution for employees in countries where participation in SKF's Performance Share Programme 2023 is not appropriate. Such alternative incentive solution shall, as far as practicable, be formulated employing the same conditions as SKF's Performance Share Programme 2023.

The company has 455,351,068 shares in issue when this notice is issued. In order to comply with the obligations of SKF's Performance Share Programme 2023, a maximum number of 1,000,000 B shares are required, corresponding to approximately 0.2% of the total number of outstanding shares.

Assuming maximum allocation under the Performance Share Programme 2023 and a share price of SEK 199, the cost, including social security cost, is estimated at approximately MSEK 239. On the basis of a share price of SEK 275, the cost, including social security cost, is estimated at approximately MSEK 330. In addition, the administrative costs are estimated at approximately MSEK 2.

The Board does not propose for the time being to take any action to hedge SKF's obligations under the programme. Delivery of shares under the programme shall not take place until 2026.

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### **Number of shares and votes, and documentation**

When this notice is issued, the total number of shares in the company are 455,351,068, represented by 29,403,933 series A shares and 425,947,135 series B shares, with a total number of votes of 71,998,646.5. The company holds no own shares.

The annual report, the audit report, the remuneration report, statements of the auditor, the Board of Directors' remuneration report and complete proposal according to item 17 of the agenda together with the Nomination Committee's reasoned statement will be available at the company's headquarters at Sven Wingquists gata 2, 415 50 Gothenburg, and at the company's website, [www.skf.com](http://www.skf.com), no later than from 2 March 2023 and will be sent to shareholders who request this and state their address.

### **Information at the Annual General Meeting, etc.**

The Board of Directors and the President shall, upon request by any shareholder and where the Board of Directors believes that it may take place without significant harm to the company, provide information in respect of any circumstances which may affect the assessment of a matter on the agenda, any circumstances which may affect the assessment of the company's or a subsidiary's financial position and the company's relationship to other group companies. Anyone who wishes to dispatch questions in advance may do so to AB SKF, Att. General Counsel, SE-415 50 Gothenburg, Sweden, or by e-mail: [chair@skf.com](mailto:chair@skf.com)

SKF's web-based financial report in English will be made public on 1 March 2023.

Proxy forms will be available at the company's website, [www.skf.com](http://www.skf.com), and may also be requested by letter to Computershare AB, "AGM 2023 of AB SKF", Box 5267, SE-102 46 Stockholm, Sweden or by phone +46 771 24 64 00.

Gothenburg, February 2023  
Aktiebolaget SKF  
(publ)  
Reg. no 556007-3495

The Board of Directors

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**Visit to SKF's factory in Gamlestaden, Gothenburg**

Shareholders are welcome to visit SKF's factory in Gamlestaden, Gothenburg, in connection with the Annual General Meeting on Friday 24 March 2023 at 9.00 and 10.15. Shareholders that wish to participate shall notify the requested visiting time, complete name and contact details (preferably email address alternatively a cell phone number) to: SKF Sverige AB, 415 50 Gothenburg alternatively via email to: [Lars.Werner@skf.com](mailto:Lars.Werner@skf.com). Please note that the number of participants is limited.

**Processing of Personal Data**

Personal data related to a shareholder which is gathered from the shareholders' register, notification on participation in the Annual General Meeting and information about advisors that are to participate or any other information that is otherwise given as set out above, will be processed mainly to register the shareholder, form part of the voting list at the Annual General Meeting and if necessary, the minutes from the Annual General Meeting. The personal data is processed in accordance with the Regulation (EU) 2016/679 of the European Parliament and of the Council. For complete information on the company's processing of your personal data in connection with the Annual General Meeting and your rights, see SKF's website [www.skf.com](http://www.skf.com) under the heading "About AGM" (which is located under the section "Investors" and "Corporate Governance").

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*SKF is a world-leading provider of innovative solutions that help industries become more competitive and sustainable. By making products lighter, more efficient, longer lasting, and repairable, we help our customers improve their rotating equipment performance and reduce their environmental impact. Our offering around the rotating shaft includes bearings, seals, lubrication management, condition monitoring, and services. Founded in 1907, SKF is represented in more than 130 countries and has around 17,000 distributor locations worldwide. Annual sales in 2022 were SEK 96,933 million and the number of employees was 42,641. [www.skf.com](http://www.skf.com)*

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