



The Business Principles
of Alfa Laval



Introduction

Climate change, human rights abuses, food and water scarcity, bribery and corruption are among many important and urgent global issues facing us today. Society leaders, governments and multi-government organizations have the key responsibility to produce frameworks, legal requirements and enforcement mechanisms to respond to these and other global challenges and create a more sustainable society.

With their employees, customers and suppliers in many countries of the World, multi-national companies are expected to actively contribute with solutions to these challenges.

Alfa Laval has a unique role to play: We provide solutions that improve the energy efficiency of industrial processes and reduce greenhouse gas emissions. We are found in many environmental protection systems. We support our customers to increase the yield of food and energy production and produce clean water. We are committed to innovation.



Alfa Laval's four Business Principles; Social, Business Integrity, Environment and Transparency, describe the way we must act within society whilst achieving our business goals. By aspiring to our Business Principles, we can find many opportunities to contribute to a more sustainable future and deliver better everyday conditions for people.

We can never be complacent about our progress of implementing the Business Principles because there are always aspects in which we can improve. Nevertheless; we like to be a performance-driven company, operating with strong ethical principles which extend through the supply chain and in which employees are proud to work. This helps us to offer excellent value, quality and security for customers and investors alike.

Tom Erixon
Chief Executive Officer

7 December 2017

About this revision:

Our Business Principles were first published in 2003 and revised in 2012 to incorporate the 2011 "Protect, Respect and Remedy" concept of the United Nations Guiding Principles on Business and Human Rights, and the 2011 revision of the OECD Guidelines for multi-national enterprises.

The revision being made in 2017 incorporates the concepts in the 2015 UK Modern Slavery Act.

The Business Principles are approved by the Alfa Laval Board.



Respect for human rights is fundamental

Human Rights:

Human Rights are those expressed in the International Bill of Human Rights and the core International Labour Organization (ILO) Conventions both of which may be supplemented by additional nationally granted rights.

Alfa Laval should:

- Respect human rights and avoid infringing on the human rights of others and should address adverse human rights impacts if they occur.
- Make sure it is not complicit in human rights abuses and seek ways to prevent or mitigate adverse human rights impacts that may be linked to its operations, products or services by a business relationship.
- Carry out human rights due diligence as appropriate to the size, the nature and context of operations and the severity of the risks of adverse human rights impacts.
- Provide for, or co-operate through legitimate processes, in the remediation of adverse human rights impacts if Alfa Laval has caused or contributed to these impacts.

Freedom of Association:

Alfa Laval respects the right of employees to establish or join trade unions and representative organizations of their own choosing; including those recognized for the purpose of collective bargaining, and to engage in constructive negotiations with such representatives.

Forced and Slave Labor:

Alfa Laval will not use any form of forced, compulsory or slave labor.

Child Labor:

Alfa Laval will not use child labor and should contribute towards its effective abolition.

Young workers:

When Alfa Laval provides work for young workers, it should be responsive to the vulnerability of young workers above the minimum age for work.

Discrimination:

- Alfa Laval should work to eliminate direct and indirect discrimination in respect of employment and occupation and is guided throughout its operations by the principle of equality of opportunity and treatment in employment.
- Alfa Laval should not discriminate on such grounds as race, color, gender, religion, sexual orientation, political opinion, national extraction or social origin, age, disability, HIV/AIDS status or trade union membership. Alfa Laval does not tolerate any type of harassment in the workplace.

With respect to employment and occupation, Alfa Laval may not discriminate on above mentioned grounds unless to do so furthers established governmental policies which specifically promote greater equality of employment opportunity or relates to the inherent requirements of a job.

Health and safety:

- Alfa Laval is committed to provide a safe, healthy and attractive working environment for its employees and others entering its work premises.
- Alfa Laval's products should be safe within the normal operating environment and conditions for which they are designed ensuring that they meet all agreed or legally required standards.

Learning:

Alfa Laval is committed to the opportunities for employees to continuously develop competence and flexibility so that they are well fitted to adapt to changes in technology and business and can secure and enhance quality and efficiency in our processes, services and products.

Working conditions:

Alfa Laval should provide decent compensation and working conditions for employees.

Community Engagement:

Alfa Laval wants to make a positive contribution to the local community, appropriate to its size as an employer in the community.

We will place emphasis on activities that support the development and care of children's rights, education and health.



High ethical standards guide our conduct

Alfa Laval conducts its business with honesty, integrity and respect for others.

Legal Compliance:

Alfa Laval must be compliant not only with the laws and regulations in the countries in which we operate but be aware of the continuous development of international regulations, social standards and voluntary initiatives and adopt those that are relevant to our business.

Conflict of Interest:

Alfa Laval employees must not enter into any situation in which their personal or financial interests may conflict with those of the Alfa Laval Group.

Political Contributions:

Contributions to political parties or committees or to individual politicians must not be given, nor should the company engage in political activity. Employees are, of course, free to participate in political activity of their choice, but not on behalf of, or with reference to, the company.

Corruption and Bribery:

Alfa Laval works against corruption in all its forms, including extortion and bribery. Alfa Laval companies or employees must not give, promise, receive or offer anything of value to any customer, government employee or any person for the purpose of improperly securing a decision, securing an advantage, avoiding a disadvantage or obtaining or retaining business. Alfa Laval also does not permit agents, suppliers, contractors, consultants or other third parties working on their behalf to engage in this kind of behavior.

Competition:

Alfa Laval believes in vigorous but fair competition. Companies and employees must never engage in any anti-competition activity such as illegal fixing of prices or the sharing of markets.

Complicity:

If Alfa Laval observes the use of our products and services for illegal purposes, we will act in line with our Business Principles.

Governance:

Alfa Laval should support, uphold and develop good corporate governance principles throughout the Group.



Optimizing the use of natural resources is our business

Alfa Laval makes a significant contribution to reducing the environmental impact of industrial processes.

Customer Processes:

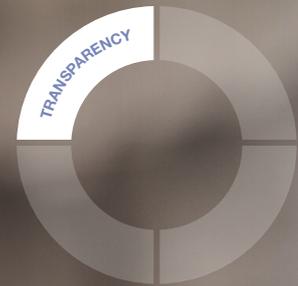
Alfa Laval's core competences of fluid handling, separation technology and heat transfer are at the heart of many industrial and environmental protection processes. Our products and expertise contribute to the efficient utilization of energy, cleaning of water and fluids, reducing waste and efficient production of food and pharmaceuticals and can make a significant contribution to reducing the environmental impact of industrial processes.

Alfa Laval is committed to the development and diffusion of environmentally responsible technologies.

When designing our products and services our aim is to provide our customers with an opportunity to become more productive and competitive.

Own Operations:

Alfa Laval supports a precautionary approach to environmental challenges and endeavors to establish measurable objectives and, where appropriate, targets for improved environmental performance and resource utilization in order to perform its own operations as efficiently as possible.



Our commitment to open dialogue builds trust

Alfa Laval believes in open communication but is careful not to reveal commercially valuable information.

Accounting:

Alfa Laval accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

Verification:

Alfa Laval's reporting and, internal monitoring systems should be suitable for external and independent verification.

Communication:

Alfa Laval will engage in open dialogue with all interested parties. However, Alfa Laval will not inappropriately divulge any confidential and/or proprietary information, such as technical, financial and business information. Also, any information that could have an impact on the share value of Alfa Laval will be released in strict compliance with the regulations governing such information.

The Business Principles are based on:

Many international guidelines form the source of the Business Principles including:

- The OECD Guidelines for Multinational Enterprises

- The United Nations Guiding Principles on Business and Human Rights
- The United Nations Global Compact

How we implement our Business Principles:

Applicability: The Business Principles apply to all companies in the Alfa Laval Group throughout the World irrespective of the brand name under which they trade. Where Alfa Laval companies participate in joint ventures and business partnerships the application of these principles will be actively promoted.

Policies and Training: The Business Principles are supported by a number of internal policy documents which expand on the Principles and provide employees with more detailed information. Policies have to be implemented and so they, in turn, are supported by a management structure, tools, guidelines and training activities often made available to managers and employees via the company intranet.

Risk assessment: The Business Principles have a very wide scope and so we conduct a risk and impact assessment periodically for each Business Principle which enables us to identify material risks and opportunities and indicate where we should prioritize improvement.

Reporting: All entities in Alfa Laval strive to measure and record relevant non-financial information relating to the implementation of the Business Principles. This helps to maintain a focus on the issues as well as provided key data by which targets can be set and progress can be tracked. Progress reports are published externally in the sustainability reports section of alfalaval.com. and internally via the intranet and through meetings of the European Employee Council and other employee representative groups.

Suppliers: Alfa Laval should engage in responsible supply chain management to ensure that our Business Principles are followed by suppliers paying due account to their social and economic effects on developing countries.

Acquisitions: All acquired companies must assess their risks of non-compliance with the Alfa Laval Business Principles and implement a management structure and a plan to reach full compliance within a maximum of three years from date of acquisition. Acquired companies must commence reporting on non-financial Business Principle indicators within the first year of acquisition.

The Management Structure for implementing the Business Principles:

Board

The Company's Board has the responsibility for agreeing the Business Principles and monitoring the progress of implementation through their regular meetings.

Management

The Group Management team has the responsibility to implement the Business Principles including setting and reviewing targets for improvements.

Managing Directors of subsidiary

companies have the responsibility to translate the Principles and associated policies into local rules and procedures in addition to those required for compliance with local legislation.

Line Managers have the responsibility to ensure that their employees understand the Principles and receive relevant education and training in order to implement them.

Employees

Each employee should have a good working knowledge of the Principles and policies relevant to their jobs and apply them in their work.

Audit

An independent internal audit function provides support in monitoring compliance with the Business Principles.

Whistle blowing

All employees and any other stakeholder have the duty to report any breach of the Business Principles to relevant line managers, or more senior management teams. If necessary, they should use the "whistle-blowing" procedures (www.alfalaval.com/whistleblowing) if they judge it appropriate.

No manager or employee will be criticized for any loss of business resulting from adherence to the Principles.

Equally the Alfa Laval Board and Group Management undertake that no employee will suffer as a consequence of bringing to their attention or that of senior management, a breach or suspected breach of these principles.



Alfa Laval in brief

Alfa Laval is a leading global provider of specialized products and engineered solutions.

The company's equipment, systems and services are dedicated to helping customers optimize the performance of their processes. Time and time again.

Alfa Laval helps customers to heat, cool, separate and transport products such as oil, water, chemicals, beverages, foodstuffs, starch and pharmaceuticals.

Alfa Laval's worldwide organization works closely with customers in 100 countries to help optimize their processes.

More information on the Internet

Alfa Laval's website is continuously updated with new information, including contact details for all countries.

Read more at www.alfalaval.com