# Business Principles
# Progress Report 2014



## Editorial comment

### A result-driven approach to broad CSR challenges

Working with CSR in a company entails handling a wide array of issues from environmental objectives to working conditions and anti-bribery and anti-corruption activities through to our local work with communities. Alfa Laval's Business Principles define the way we should act in society whilst achieving our business goals. We identify and focus on areas where we see the highest risks and where we are able to exert an influence and make improvements. This approach, i.e. focusing on what we call the "vital few", means that we can allocate resources, measure and follow-up on progress in an efficient manner.

### Summary highlights for 2014.

Our progress in different areas of our Business Principles is described below.

*Environment Principles*:
We carried out more than 70 life cycle assessments on new and upgraded products during 2014. More than 90 percent showed improved environmental performance compared with the products they replaced.

We continued focusing on the 23 manufacturing sites we assessed as having the most significant environmental impact. In these sites, we saw progress compared to our environmental goals which encompass reducing the use of energy, water and hazardous chemicals.

We continued to struggle to reach our goal to reduce the amount of carbon dioxide emissions from goods transportation.

*Social Principles:*
Over the past years, we have implemented new processes to improve safety in our workshops. In India, this has included the implementation of a behavior-based safety program, which entails improved understanding of how to find potential unsafe behaviors before accidents happen. Last year we were able to see positive results from that implementation.

During the year we developed a new audit platform and strengthened our organization regarding the implementation of the Business Principles in our supply chain. As we still see the highest risk to find breaches to our Business Principles to be in China and India this is where we have concentrated our attention.

We continued to work systematically to become "conflict free" regarding minerals as defined in the USA Dodd Frank Act.

*Business Integrity:*
We took several steps in the “prevent-detect-correct” processes to further reinforce our Anti-Bribery and Anti-Corruption stance, including the implementation of a comprehensive e-learning program.

*Transparency:*
There was a significant increase in customer requests on sustainability issues. These requests included replying to questionnaires on our work with sustainability and third-party audits of Alfa Laval sites in China. More specifically, 2014 saw a significant rise in the number of requests regarding the use of “conflict minerals”.

To summarize the CSR work for 2014, we concentrated our attention on knowledge building as well as structural and organizational changes to better meet the challenges we face. Particularly we prioritized to; strengthen our Business Principles implementation in the supply chain; increase our Anti-Bribery Anti-Corruption activities and further focus on safety in our own sites. Furthermore, we continued our work to better meet the information requests from different stakeholders.

I hope this report gives you some insight into our key activities but if you do not find the information you seek here, or in our GRI report, please feel free to contact me.

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# Business Principles
# Progress Report 2014



## 1.0 About this report.

Alfa Laval's Business Principles form the basis for our work on Sustainability.

While the Sustainability section in our Annual Report summarises the present sustainability management structure and highlights the aspects on which we are currently focusing, this report gives additional information about key initiatives carried out in 2014. It should be read together with our GRI (Global Reporting Initiative) Sustainability Report. .

Combined, the three reports (Sustainability Report, Progress Report and GRI report) represent the Annual Communication of Progress required from a member of the UN Global Compact.

## 2. Environment Progress 2014

### 2.01 Environmental goals.

During 2012 we announced key targets which have been retained ever since. After the first three years of the target period, we are on track with energy, water and chemical targets but behind on freight emissions.

Key Environmental targets for workshop units (baseline 2011, target 2015)

- Improve energy efficiency by 12%
- Reduce water consumption by 20%
- Reduce restricted "grey" chemicals usage by 50%.

In addition, Manufacturing units must:

- Reduce Greenhouse gas (GHG) from freight transportation by 12% (target 2014)

### 2.02 Summary environmental progress against the targets.

We have identified the 23 manufacturing ("Vital Few") sites that, combined, account for over 85 percent of our manufacturing energy consumption. We judge these sites to have sufficient critical mass so that their aggregated environmental performance will be only marginally influenced by production volume changes, product mix changes and increase in energy use due to weather, thus giving us the best year-on-year view as to whether we are achieving our environmental goals. (Please note that at the end of this target period in 2016, we will define a new "Vital Few" so that significant acquired sites will be included.)

In summary, we can see that the energy consumption per million Euro of added value was reduced by 19,5 percent in the past 3 years which means we are well on our way to reaching the target reduction of 12 percent over four years.

Water consumed per million Euro of added value was reduced by more than 25 percent compared with 2011.

Our “black and Grey” chemicals list has been restructured according to EU legislation into three groups (banned, restricted and substances of concern). The new classification and a continuous change in the composition of the lists due to legislation makes the figures we have reported on previously difficult to compare with this year’s reporting, however we have reduced our use of hazardous chemicals significantly.

In 2014 goods transportation GHG emissions per ton kilometer was 105,5 g /tonkm (106,9). Our target was to reach a reduction of carbon dioxide emissions with three percent every year until 2014. We are frustrated that we have not been able to reach this target and it all boils down to difficulties in reducing the number of air shipments. Unfortunately, air shipment is sometimes the only option to catch up on time lost earlier in the supply chain. In some cases, air shipments are required by the customer, a decision out of our control. Sometimes, it is necessary for us to use air freight so as to “catch-up” on tight production schedules.

### 2.03 Our targets apply to all sites which have a workshop

Even though we focus on the “Vital Few” sites from a reporting point of view, the environmental targets apply to every site that has a workshop. Service workshops all have impacts on similar environmental areas. We have corporate level resources to advise these small sites on how to focus and improve on our target areas water, energy and chemical consumption.

### 2.04 Acquisitions are included in Table 2 “Other sites with workshops”.

When we include acquisitions into our GRI report the data will appear in the Table: “Other Sites with Workshops”. Acquisitions are required to report their full environmental indicators within three years of the acquisition. The number of reporting units in Table 2 stayed at 115 (115) during 2014.

### 2.05 Please take care when making conclusions from our environmental reports.

We report data from 23 large “Vital Few” sites in the GRI report in one table and the 115 smaller (or recently acquired) sites in another. Users are advised not to add the data from both tables together to compare one year with another; the data does not necessarily relate to the same sites/entities and so conclusions drawn are unlikely to be valid.

Our financial figures will always have total sales data accurately for the whole enterprise (including recent acquisitions) whilst the energy data from acquisitions may not be included in the GRI report for up to three years. Thus, in our opinion, using ratios such as Tons of GHG per million Euro of sales tends to make our environmental performance look better than it really is and so we discourage such a methodology

## 2.1 Environmental Progress in the "Vital Few" manufacturing units:

### 2.1.1 Reducing the use of hazardous chemicals (M-EN1).

All manufacturing and workshops sites in Alfa Laval are required to have careful control of all substances used in their processes and they must also have material safety data sheets available. These data sheets are scrutinized to identify whether the substance appears on the prohibited or restricted materials list (so called "Black or Grey list"). This list has continuously been updated and adjusted.

During 2013 we benchmarked with other companies and restructured our two level Prohibited and Restricted chemical list into a three level classification. The three levels are now:

- **Banned**: Substances which are universally prohibited.
- **Restricted**: Substances prohibited in certain applications or quantities but allowed in others.
- **Substances of Concern**: Substances of which the use shall be monitored. This includes substances currently being evaluated for regulations applicable to the Banned or Restricted categories, or substances with legal demands for monitoring

The revision used in reporting in 2014 has been completely reworked and there are significant differences. The differences in our list of hazardous chemicals make it difficult to compare 2014 with previous figures. The use of banned ("Black") listed chemicals has reduced dramatically but the use of restricted/substances-of-concern chemicals has increased due to the reclassification. The latest version (8.1) of our list of prohibited and restricted chemical list can be found by following this link: Alfa Laval Black and Grey list .

### 2.1.2 Direct and Indirect Energy Consumption: Steady improvement in energy efficiency in line with target (M-EN3 M-EN4).

Our target is to achieve a reduction of energy consumption (per million Euro of Added Value) of 3 percent per year between 2011 and 2015. Between 2011 and 2014 we have seen a 19.5 percent energy reduction in our vital 23 sites. In 2014 the consumption in the "Vital Few" sites was 301 MWh per million Euro (345 MWh in 2013). This is a result of many energy-saving projects – the one having a major impact on the energy reduction being our investment in Lund, Sweden (see below).

### 2.1.3 Energy saving projects continued generating positive results.

We continued working with energy-savings projects in cooling, heating, electricity use, lighting and compressed air, depending on the improvement areas we identify for each site.

One project which has given large energy savings is a project in our site for plate heat exchanger manufacturing in Lund, Sweden. The site consumes 3,700 MWh of district heat annually to heat its buildings and tap water. After considering the best way to utilize the heat generated in the production, by presses and other equipment, a new installation including heat exchangers was made to recover the heat energy that was otherwise being lost. The solution means that 80 percent of the heating requirements will be met using recovered heat. This will cut costs by SEK 1.5 million per year and reduce CO2 emissions by 140 tons per year. The investment has a payback period of three years and is expected to generate long-term savings. In addition, the facility will serve as a reference installation, where customers can observe several of the company's products at work. Between 2013 and 2014 this site reduced its use of district heating with more than 35 percent.

Another example is from our site in Qingdao in China where oil/diesel has been exchanged for natural gas leading to about 20 percent lower CO2 emissions, higher efficiency and lower air pollution (SOx and NOx).

### 2.1.4 Environmental impact from new products continues to be reduced. (M-EN6)

In 2014 the environmental impact of 76 (35) new and upgraded product development projects were assessed, using the Life Cycle Assessment (LCA) method that we have used since 2007. Of the 76, 71 (11) were replacements of existing products. Some 69 of these (9) had a 1.5 to 52 percent lower environmental impact and none had a higher impact. The increase in number of LCAs in 2014 was mainly due to the update of complete product ranges, for example, all our centrifugal pumps have been upgraded with more energy efficient motors.

### 2.1.5 Water consumption reduced significantly during 2014 (M-EN8).

Water consumption in the "Vital Few" factories decreased in 2014 to 287 000 $m^3$ (351 000). The water per million Euro Added value has fallen by more than 25 percent since the start of the target period as a result of our water efficiency program. The largest reduction was achieved in one of our Chinese sites, where water consumption was reduced to one fifth compared with the previous year by reusing water for cooling.

### 2.1.6 Total Direct and Indirect Greenhouse Gas emissions (GHG) by weight: (M-EN16)

Nearly all the GHG from our production processes are from energy use of which roughly 80 percent is indirect energy (purchased electricity and district heating). The remaining 20 percent

is direct energy (from fuels such as natural gas or oil which is burnt directly at the Alfa Laval site to produce heat). Our environmental targets focus on efficiency improvements in both direct and indirect energy which will have a consequential improvement on our related GHG emissions.

Our "Vital Few" factories account for approximately 40 000 tons of $CO_{2e}$ (carbon dioxide equivalents). However, approximately 40 percent of the electricity consumption comes specifically from sites in France and Sweden. Both these countries have globally low levels of GHG emission from electricity generation (77 and 22 grams per kWh respectively according to the 2012 IEA emission factors).

In the future, we can expect proportionally more production to be in China and India as those (already large) markets continue to grow. These countries have globally high emissions factors for electricity generation (790 and 936 grams per kWh respectively). Consequently we can expect our GHG emissions (from production processes) to increase. We can see this effect by comparing 2014 data with 2011, where the total energy consumption fell by 13 percent (approx.) while GHG emissions from energy consumption dropped by only 8 percent (approx.).

However, increased production emissions in India and China will be partially offset by a reduction of emissions from transporting imported goods into these countries.

### 2.1.7 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations (M-EN29 (goods)).

The most significant environmental impact from goods transportation is carbon dioxide and other climate-changing gases.

The impact comes from three factors: the weight of the shipment, the distance travelled and the means of transportation. To set goals for this activity we consider the aggregated emissions per ton kilometer transported. Whilst the total emissions will depend on sales volume (in weight of product sold), the manufacturing location and the customer location, the value of carbon emissions per ton kilometer gives us a normalized measure of how effective we are at reducing the environmental impact of goods transportation.

To do this, we monitor the weight and distance and method of transportation for 19 major product lines. In 2014 air freight was only 6 percent (approx.) of total ton km shipped but contributed over 80 percent of the carbon emissions from goods transportation.

Thus, our main challenge is to change the transportation method from air to land and sea. To drive the change, each product group has had the responsibility to run projects to eliminate air transport for regular production and logistic distribution. Results are reviewed every month. During the last couple of years we realized that the improved result from these projects was being negated by occasional unscheduled air shipments of considerable weight. Unfortunately,

air shipment is sometimes the only option to catch up on time lost earlier in the supply chain. In some cases, air shipments are required by the customer, a decision out of our control.

Our goal has been to reduce the annualized carbon dioxide equivalent emission per ton kilometer of goods by 12 percent during the target period from 2011 to 2014. We will not reach this target and we are now trying to better understand how we can reduce the amount of goods transported by air.

In 2014 emissions per ton kilometer travelled was 105.5 g /ton km (106.9). This represents a reduction of 4.8 percent since the target baseline of 2011 between 2011 and 2015.

### 2.2 Environmental Management Progress in "Other Sites with Workshops":

#### 2.2.1 Energy consumption from these sites is very fragmented and difficult to target.

The data from 115 workshop sites is consolidated in the "Other Sites with Workshops" in the GRI report. However, because several of the sites will be different from year to year (acquisitions; closures; mergers, changes of function) it is not particularly useful to compare the aggregated data year-on-year. In 2014; 7 of these sites were added to our environmental reporting system and 6 sites were removed. Of these sites, 74 are service and repair workshops. Typically they employ 15 or fewer people and their most significant potential environmental risks are ground and water pollution. Therefore, our focus is to help them address pollution risks and those in water shortage environments to cut water consumption.

The few people employed in each of the115 workshop sites means that running energy-reduction projects is impractical, as would be the co-ordination of such projects. For example if one global environment manager had to make an airplane flight to visit one of these sites to train staff on how to reduce energy, the carbon impact of the return flights is extremely unlikely to be offset by the savings. Having said this, employees are expected to conserve energy by good housekeeping (turning off lights, controlling heating and air-conditioning etc.)

## 3.0 Social Progress 2014

### 3.1 A revised approach to suppliers and our Business Principles (HR2).

One of our highest priorities is to improve the health and safety, labor conditions and the working environment of our suppliers' employees in countries and industries of high risk. Where the working conditions need to be improved we are committed to influence the supplier to make changes.

Due to the scale of our markets and production facilities in China and India, these countries are our focus for our ambition to eliminate unacceptable labor conditions in suppliers. We started this in 2004 and by 2011 we felt we were making reasonable progress with over 200 suppliers in India and China included in regular social audits and improvement projects. Many suppliers have improved working conditions for their employees as a result of Alfa Laval's initiatives.

However, following our own critical review in 2012-13, in both China and India we came to a disappointing realization; the improvements are not happening fast enough.

With this in mind, we have continued our efforts to work together with our suppliers in India and China during 2014. Our auditors have carried out the planned number of social audits in both countries and the work to close the compliance gap has been as intense as previous years. Even if we have seen positive development we are still convinced that improvements can be reached faster if we work in an even more structured manner.

For this reason, during 2014, we have adapted our Business Principles to suppliers, standardized our *audit platform*, *changed our own organization* and we are working with *competence development* both for our own staff and for suppliers.

> *Audit platform:*
> Our audit platform highlights six areas with deviations that we define as critical: child labor, forced labor, freedom of association, fire protection, severe damage to the environment and severe risks in the health and safety areas. Deviations in these areas will require immediate correction if Alfa Laval shall be interested to start or continue to do business with the supplier.
>
> *Organizational changes:*
> -Increased the resources in this area in the central purchasing organization
> -Strengthened the organizational set up locally in both India and China.
>
> *Competence development:*
> -Launched a new training program and performed an initial training in India in Q4 2014. We plan to continue with the training programs in Asia, Americas and Europe during 2015 as we continue implementing our new structural approach.

When we developed our tools and methods we have kept a risk perspective. We prioritize:

-Suppliers in countries with high risks
-Suppliers with high risk production processes

### 3.2 Human Rights abuses in the Democratic Republic of Congo has extended the scope of our supplier due diligence.

The Dodd Frank Act in the USA requires companies to conduct due diligence to ensure that the minerals used in its products are not sourced from mines financing armed groups that are guilty of some of the worst human rights violations in the Democratic Republic of Congo (DRC). Correspondingly, Alfa Laval published its own policy on this issue during 2103 (http://www.alfalaval.com/about-us/sustainability/social/conflict-minerals/pages/conflict-minerals.aspx).

During the past year, we have worked systematically within four areas to ensure that our deliveries to our customers are conflict free.

(1) Information gathering and analysis from many sources including:

- Dodd-Frank Wall Street Reform and Consumer Protection Act
- SEC Rules and Guidance
- OECD Guidelines
- Other international initiatives and regulatory regimes (such as the conflict free sourcing initiative (CFSI) and the EU)

(2) Determining the applicability of conflict minerals in our products and conducting risk assessment.

(3) Completing a pilot program with one of our product groups (Brazed Heat Exchangers) to ensure that deliveries of these products to our customers are conflict free.

(4) Implementing lessons learned from the pilot program by conducting due diligence in our supply chain. We will methodically and carefully undertake these initiatives and it may take many months to complete. We intend to implement due diligence processes that are sustainable, so that our information may be updated as circumstances dictate, such as changes in product categories, extensions of existing product lines, acquisitions, additions of new brands, changes in our selected suppliers and in our suppliers' supply chains, alterations to material composition, and changes in product design

This requirement considerably extends the accepted scope of where a company's risk of complicity in the supply chain may lie.

### 3.3 Rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities. (LA7)

- Total number of reportable accidents (including travel accidents) was 238 in 2014. On a like for like basis the number was 200 (208).

- The number of accidents per million working hours for 2014 was 7,7. Like for like the accidents per million working hours was 6,7 (7,8).
- In 2014, the days lost per million working hours due to accidents was169, like for like the figure was163 (186).
- In 2014, 1.78 days were lost through any form of illness (including lost time injury (LTI)) as percent of working days. The like for like figure was 1,77 (1,44).

During 2013, a new project called Behavior-Based Safety (BBS) was piloted in all Alfa Laval's Indian factories. This methodology ensures all workshop workers are trained to avoid behaviors that can contribute to accidents. Given the improvements achieved from this project during 2014, we are now working to implement Behavior Based Safety in other sites.

We have noticed that many more accidents occur in acquired companies than other entities. Acquired companies are in focus to adopt the full Alfa Laval health and safety regime as soon as possible. Our experience tells us that there are few "quick fixes" for these companies because safe working requires a safety-first culture and cultural change takes time.

## 4.0 Business Integrity Progress 2014.

### 4.1 Implementation of Anti-Bribery and Anti-Corruption (ABAC) initiatives.

Our Business Principles include the Business Integrity Principles where we clearly state our zero tolerance to bribery and corruption. The Commercial Ethics Council (CEC), chaired by the CEO, has the responsibility to ensure we have appropriate policies and processes to ensure compliance. All managers are responsible for assuring compliance with our ABAC policy and, if necessary, implementing local ABAC guidelines throughout the organization.

In 2013, we started to develop a revised ABAC program to be implemented throughout the whole Group, something we continued to work on during 2014. This requires management of all companies to conduct a standard risk assessment and analysis of their processes to mitigate the risks. A risk and mitigation scorecard was piloted in all sales companies during 2013 to help them develop further adequate procedures to "prevent-detect-correct" bribery and corruption.

The world-wide scope of Alfa Laval sales means we are active in many countries with high bribery risks (geographic bribery risk). The risk scorecard uses Transparency International Bribery Risk Perception Index as the basis for Alfa Laval's geographic bribery risk assessment.

Selling through multiple sales channels is an important part of Alfa Laval's sales strategy. The ABAC scorecard helps managers to quantify bribery risk of different channels. Of these, commission-based agents represent the highest risk and thus in focus with new due diligence guidelines. During 2014, actions were taken to assure that our existing agency agreements contain an adequate and by us standardized ABAC-clause, whereby our agents/business

partners commit themselves to follow our ABAC policy and any applicable rules or regulations concerning bribery and corruption

Bribery risk also entails corrupt government officials attempting to extort money for permits, licenses etcetera. Purchasing staff also face pressure to receive kickbacks or inappropriate gifts and bribes in various countries. These risks are also included in the scorecard.

Management of Alfa Laval companies sign a statement annually that the company for which they are responsible complies with all corporate governance policies. The risk and mitigation scorecard helps them to identify where they need to focus their attention to ensure that all employees understand and follow the company policies and that corrective measures are taken when needed.

Training is an important mitigation action to reduce the chance of a breach in our ABAC Policy. New ABAC training material has been developed centrally during 2014 to replace the existing material. To make sure the material was relevant to “real-life” ABAC issues, the development project involved management, sales and purchasing employees in Alfa Laval in Russia, India and central market units. One of the results of this project was that employees working with sales are at highest risk. In 2014, this resulted in a new e-learning training program with particular focus on ABAC issues facing the sales force. The course was launched in 2014 and will continue to be rolled out during 2015. The second step will be to adapt the material to fit the needs of the purchasing organization. In the final step, all employees will be invited to carry out the e-learning module in order to raise the general knowledge on ABAC and our work in this field. The training will form a part of the continued development of adequate procedures in our ABAC processes.

## 5.0 Transparency Progress 2014.

### 5.1 Customer communication is still our key.

Issue 31 of our customer magazine *Here* was published during 2012. It highlighted several of Alfa Laval’s, at the time, recent product developments and customer projects that had a specific focus on environmental protection and energy savings. During 2013 issue 32 was published, which featured our contribution to the exploitation of natural gas, a key ingredient to global reduction of carbon emissions in the next few years.

Issue 33 was published in 2014 featuring technology’s role in nourishing a growing world population. This issue also looked at how we contribute to:

- Increase yield while preserving resources
- Marine exhaust-gas cleaning
- Increasing efficiency and reducing water use in the production of olive oil
- Valves which reduce water use and increase product safety
- Alternative energy in China
- New separator recovering and recycling fuel that otherwise would be wasted

- Making wastewater drinkable through technology
- Efficient district cooling in Paris
- Energy efficiency in our own processes
- Reducing use of ammonia in ice rinks

The Product Responsibility section (PRA1) of the GRI report classifies all articles in *Here* that are related to sustainability issues and provides links to the magazines or articles.

### 5.2 We continue our policy on SRI Questionnaires.

Social responsible investment (SRI) funds evaluate us based on a set of sustainability criteria and we are pleased to be listed in several indexes of "most sustainable" companies. We enjoy the recognition and encouragement that these listings give us, but our work on sustainability is motivated by our Business Principles and not to win awards.

From January 2011, Alfa Laval adopted a policy of no longer populating external databases nor completing other types of questionnaires about these matters (except customer questionnaires) and instead refer people to this report, our Annual Report and the GRI report. Therefore, we do not participate in any indexes that require us to answer questionnaires.

### 5.3 SRI analysts kept us on our toes in 2014.

We are grateful to receive draft reports from analysts each year for our comments. Sometimes these comments identify aspects that we have either omitted from our reporting or perhaps we have not considered enough. Reports which in many cases are impressively thorough are proof of the growing importance of sustainability to the investment community and help in driving our progress.

### 5.4 New customer sustainability demands bring new reporting challenges.

During the past two years, the number of customer requests regarding Corporate Social Responsibility (CSR) performance and other information and data has more than doubled.

Some of Alfa Laval's customer sectors are taking steps to encourage standardization. Suppliers should report sustainability data and provide exchanges through which supplier sustainability information can be shared in different platforms such as SEDEX or Eco Vadis.

However, far from all the requests are standardized and sales companies receive specific questions or requests. Reflecting the growing number of customer CSR requests, the group has appointed divisional coordinators to provide input to sales companies when answering, to exchange experience between the divisions and to keep updated on trends in the CSR area.

### 5.5 Industry standardization is the way forward.

Alfa Laval welcomes sustainability data exchange because it helps place sustainability as an integral part of business and decision making. Standardizing the structure of sustainability data and exchanging this data within industrial sectors has the potential to cut complexity. It also provides a platform around which companies can meet to discuss the development of responsible supply chains.

In our case, selling to so many different industrial sectors makes it important to focus on those industry standards relevant for industries to which Alfa Laval has a larger exposure. One example is the IMPA-ACT standard in the marine industry which we follow closely.

### 5.6 Our risk-based focus means we cannot always answer every question.

Each SRI stakeholder has its own scope and areas of particular concern. Our risk-based approach means that we collect key data at a corporate level on aspects of sustainability that are relevant to the management of the risk. Consequently, we recognize that our published sustainability reports do not always provide all the detailed information that some analysts require.

### 5.7 We continue to meet interested external parties

Meetings with SRI analysts have continued in 2014 as in previous years. We are very pleased to meet SRI analysts: please contact Catarina.Paulson@alfalaval.com to arrange a meeting.

Students show a great interest in our Business Principles activities and there have been a number of student visits and discussions during 2014. Students can contact Catarina.Paulson@alfalaval.com to arrange a meeting either by telephone or face-to-face.

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### CEO Statement of continued commitment to the Global Compact:

I am pleased to submit this Progress Report and the associated sustainability report and GRI report as Alfa Laval's Annual Communication on Progress.

Alfa Laval is committed to continuing to make the UN Global Compact and its Principles an integral part of business strategy, day-to-day operations, and organizational culture.

Lars Renström, March 30th, 2015