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# Responsible, sustainable and effective

Corporate governance identifies what the decision-making process at Alfa Laval looks like and the structures that regulate how the company is governed. Sound corporate governance is an essential basis for ensuring that, from a shareholder perspective, Alfa Laval is governed responsibly, sustainably and effectively. As a Swedish public limited liability company with shares listed on Nasdaq Stockholm, the framework for Alfa Laval's corporate governance is dictated by external rules as set out, inter alia, in the Swedish Companies Act, the Swedish Annual Accounts Act, the Nordic Main Market Rulebook for Issuers of shares ('Main Market Rulebook') and the Swedish Corporate Governance Code ('the Code'). These provisions are supplemented by internal principles and regulations, including governing documents with guidelines and instructions as well as procedures for control and risk management. At Alfa Laval, these internal governing documents include the Articles of Association, the Board and CEO instructions as well as Alfa Laval's business principles and governing policies. This Corporate Governance Report describes Alfa Laval's corporate governance for 2022. The report has been prepared in accordance with the Swedish Annual Accounts Act and the Code, and has been reviewed by the company's Auditors.

## Acting in society and reaching business goals

In today's society, human impact on our planet is in constant focus. As new legislation becomes increasingly stringent, a sustainability paradigm is taking deeper root in society. This paradigm is leading many companies,

including Alfa Laval, to voluntarily take initiatives aimed at improvements. At Alfa Laval, such initiatives are, inter alia, reflected in the Group's Business Principles. Alfa Laval's four Business Principles, *Planet, Transparency, Caring and Committed*, guide all of the Group's work and describe how Alfa Laval is to act in society and how the individual business goals are to be achieved – in other words, ethically and sustainably. Adhering to the Business Principles means that there are many occasions and situations where Alfa Laval can contribute to a more sustainable future and to the success of Alfa Laval's customers, people and the planet. All employees at Alfa Laval are to comply with the Business Principles and are encouraged to bring to light anything that conflicts with these principles, either to their immediate supervisor, the HR department or through the whistleblower tool 'Speak up!' Alfa Laval's Business Principles were recently revised and now contain a more distinct Code of Conduct.


As a part of its internal work, Alfa Laval regularly reviews its governing documents to ensure they are relevant and consistent with applicable laws and developments in terms of, for example, the Group's Business Principles. During the last years, Alfa Laval's *Business Resilience Management Policy, Intellectual Property Right Policy, Data Privacy Policy, Inclusion & Diversity Policy, Insider Policy, Bid Process for Contract Based Sales Policy, Information Security Policy and Export Control and Trade Sanctions Policy* have been reviewed and revised.

## Alfa Laval as a company

### Alfa Laval AB

The company's business name is Alfa Laval AB (publ). The company is listed on Nasdaq Stockholm and the registered office of the Board of Directors is in Lund, Sweden. The object of the company's operations is to, directly or through subsidiaries and joint venture companies in and outside Sweden, develop, manufacture and sell equipment and installations, primarily in the areas of separation, heat transfer and fluid handling, and to administer fixed and movable property, and other related operations. Alfa Laval's fiscal year runs from January 1 to December 31.

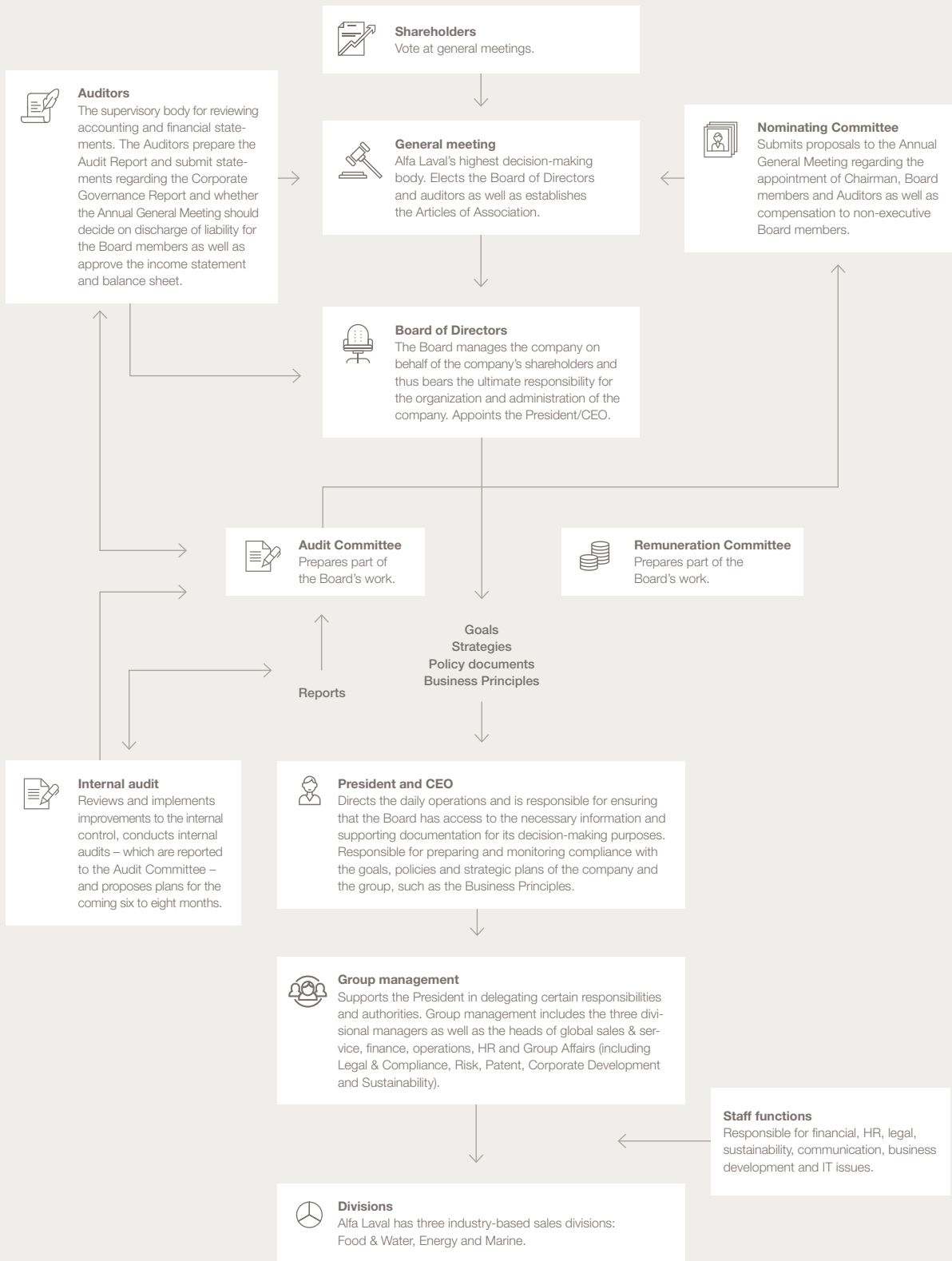
The company's share capital shall amount to no less than SEK 745,000,000 and no more than SEK 2,980,000,000. The number of shares shall be no less than 298,000,000 and no more than 1,192,000,000. The Articles of Association do not include any limitations regarding the number of votes a shareholder can cast at a general meeting. Nor do they contain any specific rules regarding the appointment and dismissal of Board members or changes to the Articles of Association. The Articles of Association include a right for the Board of Directors to collect proxies in accordance with Chapter 7, Section 4 of the Swedish Companies Act and to decide that shareholders may vote in advance of a general meeting.



Alfa Laval's currently prevailing Articles of Association were adopted at the Annual General Meeting on April 27, 2021 and are available in their entirety on

[www.alfalaval.com](http://www.alfalaval.com)

# Corporate governance





### Share and ownership structure

At December 31, 2022, Alfa Laval had 413,876,823 shares allocated among 54,346 shareholders according to Euroclear Sweden's share register. Alfa Laval has only one class of shares and each share corresponds to one vote. Tetra Laval International SA was the largest owner, with 29.49 percent of the shares in Alfa Laval at year-end, and the only owner with a holding larger than 10 percent. The second largest owner was Alecta with 6.7 percent, followed by Swedbank Robur Funds with a holding of 2.7 percent. Legal entities accounted for around 95 percent of the holdings, while individuals accounted for the remainder. From a geographic perspective, the following five countries represented a total of 95 percent of the shareholdings: Sweden, Switzerland, the US, the UK and Luxembourg. For more information about Alfa Laval's share, share performance and ownership structure, please refer to the Share section on pages 88–89 of Alfa Laval AB's Annual Report.



### General meetings

Shareholders exercise their voting rights at general meetings. The general meeting is Alfa Laval's highest decision-making body. At the general meeting, the Board of Directors and Auditors are elected, and the Chairman of the Board is appointed. Decisions are also made regarding compensation to the Board of Directors, discharge of the Board members and the president from liability as well as adoption of the income statement, balance sheet, Executive Remuneration Policy and distribution of the company's profit.

In case the Articles of Association or the applicable instructions for the Nominating Committee are to be changed, such resolutions are also decided by the general meeting.

Each shareholder who is listed in the register of shareholders and has notified the company of their participation is entitled to participate in a general meeting and vote according to their shares. Shareholders are entitled to be represented by a proxy at the meeting. Most proposals addressed at a general meeting are decided by a simple majority. However, certain resolutions require a qualified majority, such as changes to the Articles of Association or repurchase of shares. Every shareholder, regardless of the size of their holding, is entitled to have an item brought up at a general meeting.

### Ownership categories at December 31, 2022

	No. of shares	Holding, %
Financial companies	99,684,094	24.1%
Other financial companies	782,367	0.2%
Social insurance funds	7,957,064	1.9%
Government	264,795	0.1%
Municipal sector	46,200	0.0%
Trade organizations	4,651,110	1.1%
Other Swedish legal entities	6,131,907	1.5%
Shareholders domiciled abroad (legal entities and individuals)	271,385,020	65.6%
Swedish individuals	22,077,113	5.3%
Uncategorized legal entities	897,153	0.2%

Source: Euroclear

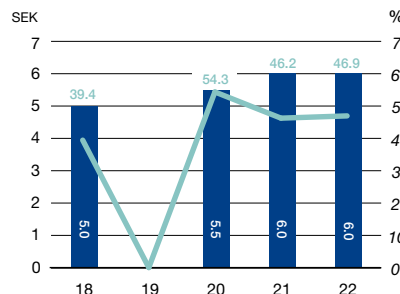
### Ten largest shareholders at December 31, 2022\*

	No. of shares	Capital/voting rights, %	Change in holding in 2022, percentage points
Tetra Laval International SA	122,037,736	29.5	0.4
State Street Bank and Trust Company	30,222,047	7.3	7.3
Alecta	27,721,464	6.7	0.9
Northern Trust Company	16,090,229	3.9	3.9
BNY Mellon	15,549,571	3.8	3.8
JP Morgan	14,906,393	3.6	-0.7
Swedbank Robur fonder	10,996,505	2.7	-0.2
AMF Försäkring och Fonder	9,503,475	2.3	-1.4
SEB Investment Management	7,217,482	1.7	-0.1
CBNY Norges Bank	6,449,086	1.6	-0.7
<b>Total ten largest shareholders</b>	<b>260,693,988</b>	<b>63.0</b>	<b>13.3</b>

Source: Euroclear

\* The table is adjusted for nominee-registered shares.

### Dividend and percentage of adjusted EPS\*\*

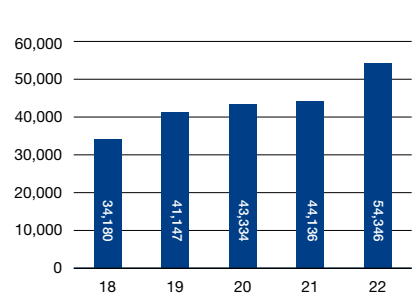


Source: Alfa Laval

■ Dividend\* — Percentage of adjusted EPS

\* Board motion to the Annual General Meeting.  
\*\* Adjusted for step up amortization net of taxes.

### Total number of shareholders



Source: Euroclear

## 2023 Annual General Meeting

The Annual General Meeting of Alfa Laval AB (publ) will be held on Tuesday, April 25, 2023, at 4:00 p.m. at Scandic Star Lund in Lund. The notice of the 2023 Annual General Meeting will be published not earlier than March 14 and not later than March 28, 2023. Notice of the Annual General Meeting will be inserted as an announcement in the Swedish Official Gazette and on the company's website. An announcement that the notification has been issued will thereafter be published in Dagens Nyheter. Supporting documentation will be published on Alfa Laval's website well in advance of the general meeting. Copies of the documents will also be sent to those shareholders who request them and state their address.

Alfa Laval's ordinary general meeting (the Annual General Meeting) is held annually within six months of the end of the fiscal year. Normally, the Annual General Meeting takes place in late April in Lund. The date and location of the Annual General Meeting are announced not later than in conjunction with the publication of the interim report for the third quarter. Notice of the Annual General Meeting is published as an announcement in the Swedish Official Gazette and on the company's website not more than six and not less than four weeks prior to the Annual General Meeting.

### 2022 Annual General Meeting

The 2022 Annual General Meeting of Alfa Laval AB was held on April 26, 2022 at Scandic Star Lund, Glimmervägen 5, Lund, Sweden.

The notice of the Meeting was issued on March 22, 2022. Shareholders who wished to participate in the Annual General Meeting could either participate by advance voting or at the venue in person or by a proxy.

The general meeting was held in accordance with the, at the given time, issued guidelines on the Covid-19 Pandemic, published by the Swedish Public Health Organization. Also, shareholders showing any symptoms were kindly requested to refrain from attending the general meeting in person.

A total of 278,530,584 votes and shares were registered at the Meeting. Dennis Jönsson, Chairman of the Board, was appointed as Chairman of the general meeting.

The Meeting adopted the agenda proposed in the convening notice and decided on the below resolutions in accordance with the proposals from the Nominating Committee and the Board of Directors. The CEO of the company held a presentation during the general meeting which was published on Alfa Laval's website after the Meeting.

The minutes from the 2022 Annual General Meeting, the notice and all other information related to the Meeting are available at [www.alfalaval.com/investors/corporate-governance/](http://www.alfalaval.com/investors/corporate-governance/).



## Resolutions passed by the 2022 Annual General Meeting

- The Meeting determined the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet, as presented in the 2021 Annual Report.
- The Meeting resolved on a dividend of SEK 6 per share, with April 28, 2022, as record date.
- The general meeting resolved to discharge all individuals who held positions in Alfa Laval AB as Board members, deputy members or president during 2021 from liability in respect of their management of the company's business for the 2021 fiscal year.
- The Meeting approved the remuneration report prepared by the Board of Directors.
- The Meeting resolved that the number of Board members elected by the Meeting was to be eight, with no deputy members. This resolution led to a decrease in the number of Board members by one compared with the previous year. The Meeting also resolved that the number of Auditors was to be two with two deputy Auditors.
- The Meeting resolved on compensation to non-executive Board members in an amount of SEK 6,345,000 with an additional compensation to the Chairman and other members of the Audit Committee and the Remuneration Committee.
- The Meeting resolved, for the time up to the end of the 2023 Annual General Meeting, to re-elect Lilian Fossum Biner, Maria Moræus Hanssen, Dennis Jönsson, Henrik Lange, Ray Mauritsson, Finn Rausing, Jörn Rausing and Ulf Wiinberg as Board members, as well as to re-appoint Dennis Jönsson as Chairman of the Board.
- The Meeting resolved for the time up to the end of the Annual General Meeting 2023, to re-elect the Authorized Public Accountants Staffan Landén and Karoline Tedeval as the company's Auditors, as well as to re-elect the Authorized Public Accountants Henrik Jonzén and Andreas Mast as deputy Auditors.
- The Annual General Meeting resolved to reduce the share capital by cancellation of 5,579,492 shares, repurchased under Alfa Laval's share buy-back programme, and that the reduction amount was to be transferred to the company's non-restricted equity. This led to a reduction of the share capital by SEK 14,854,300. Simultaneously the general meeting resolved to restore the share capital with SEK 14,854,300 by way of a bonus issue without issuing new shares and that the amount was to be transferred from the company's non-restricted equity. The resolutions were supported by shareholders holding at least two-thirds of both votes cast and the shares represented at the Meeting.
- The Meeting resolved to authorize the Board of Directors to decide on purchase of shares in the company, during a period up until the Annual General Meeting 2023 and on as many occasions as the Board deems appropriate. However, only to the extent that Alfa Laval's holding at no time exceeds five percent of the shares in the company that are not repurchased. The resolution was supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the Meeting.



## Nominating Committee

### Work of the Nominating Committee

The Nominating Committee prepares and submits proposals to the Annual General Meeting regarding candidates for Board members and Chairman of the Board as well as the company's Auditors. The Nominating Committee's task also includes preparing proposals to the Annual General Meeting regarding compensation to non-executive Board members, additional compensation to members of the committees and to propose a Chairman of the Annual General Meeting. Rules for the Nominating Committee's work and composition are provided in the Code and in specific instructions adopted by the 2018 Annual General Meeting. The instructions apply until further notice and stipulates, inter alia, that the Nominating Committee is to consist of a minimum of five members appointed by the largest shareholders as of August 31, and that the Chairman of the Board should be part of the Nominating Committee.

Every year, the composition of the Nominating Committee is announced in a press release, in the third-quarter interim report and on Alfa Laval's website. In conjunction with this, information is also provided about how shareholders can propose candidates for the Board.

### Assessing strengths and future needs

The Nominating Committee's proposal for candidates to the Board of Directors is, among other things, based on the annual evaluation of the Board's work. The evaluation is prepared by the Chairman of the Board and is intended to provide the Nominating Committee with a deeper understanding of the Board's work methods, its work climate and its need for particular Board competence considering the company's strategy. Moreover, as a member of the Nominating Committee, the Chairman of the Board can easily keep the Nominating Committee informed about the company's strategy and future challenges. In connection

with the preparatory work to present a proposal for the Board, the Nominating Committee can also conduct interviews with individual Board members about the Board work and can, when deemed appropriate, call upon the assistance of external resources in its search for suitable candidates.

### Work of the Nominating Committee ahead of the 2022 Annual General Meeting

In respect of the Annual General Meeting 2022, the Nomination Committee consisted of Dennis Jönsson and five members appointed by the largest shareholders in Alfa Laval as of August 31, 2021. Please see the below table Nominating Committee ahead of the 2022 Annual General Meeting for more information.

The work of the Nominating Committee began with a statutory meeting where Finn Rausing was elected Chairman and Emma Adlerton, General Counsel and Secretary to the Board of Alfa Laval AB, was appointed Secretary to the Nomination Committee. Due to Finn Rausing's position as a Board member of Alfa Laval AB, his role as Chairman is a deviation from the Code. The Nominating Committee considered this in its decision and deemed Finn Rausing to be particularly well suited to lead the work of the Committee and obtain the best possible results for the company's owners.

Ahead of the general meeting 2022, the Nominating Committee held three formal meetings, which were partly digital, and had also contact by telephone and e-mail. The following items were addressed at the meetings:

- Composition of the Board of Directors and the need for new members.
- The Code's requirement concerning that an even gender balance within the Board should be aimed for. Due to this, the Nominating Committee decided that the strive to reach an even gender balance in the Board of Directors will continue to be prioritized during the coming years.

- The Chairman of the Board presented the results of the latest digital Board evaluation.

- Interviews were carried out with all members of the Board, except for such members who also were members of the Nomination Committee.

- Report from the president and CEO Tom Erixon on Alfa Laval's operations and his view on the company's strategy and challenges.

- Compensation to the Board members, including additional compensation to members of the Audit Committee and the Remuneration Committee.

After an overall assessment, the Nominating Committee decided to propose to the Annual General Meeting, re-election of all the Board members that were available for re-election. The Nomination Committee's proposal meant that the Board of Directors would comprise of eight members elected by the general meeting up until the end of the Annual General Meeting 2023. In considering the proposal, the Nominating Committee applied Rule 4.1 of the Code as diversity policy. In the recent years, the Nomination Committee has strived for an even gender balance within the Board of Directors in accordance with the ambitions communicated by the Swedish Corporate Governance Board. Following the Nominating Committee's proposal, the Board of Directors consists of two women and six men up until the Annual General Meeting 2023. This corresponds to a women proportion of 25 percent. The Nomination Committee noted in its reasoned statement that this is lower than previous year and evidently lower than desired, and that the strive to reach an even gender balance in the Board of Directors continuously will be prioritized during the coming years. Further information is available in the Nominating Committee's reasoned statement prepared ahead of the 2022 Annual General Meeting.

### Re-election of auditors

Ahead of the 2022 Annual General Meeting, the Nominating Committee also held a meeting where Henrik Lange, Chairman of the Audit Committee, was invited. Henrik Lange presented the work of the Audit Committee during the year and the work with the Auditors elected by the Annual General Meeting. Based on the Audit Committee's recommendation, the Nominating Committee decided to propose to the Annual General Meeting 2022, re-election of Staffan Landén and Karoline Tedevall as the company's Auditors for the coming year.

## Nominating Committee ahead of the 2022 Annual General Meeting

Name	Representing	Shareholding in Alfa Laval, %*
Finn Rausing	Tetra Laval International S.A.	29.1
Anna Magnusson	Alecta Pensionsförsäkring	5.9
Lennart Francke	Swedbank Robur Funds	2.6
Anders Oscarsson	AMF Insurance and Funds	2.4
Tommi Saukkoriipi	SEB Funds	1.7

\*As of August 31, 2021.



## Composition and work of the Nominating Committee ahead of the 2023 Annual General Meeting

Ahead of the 2023 Annual General Meeting, the Nominating Committee included Jörn Rausing (Tetra Laval), Anna Magnusson (Alecta Tjänstepension Ömsesidigt), Lennart Francke (Swedbank Robur Funds), Anders Oscarsson (AMF Insurance and Funds), Javiera Ragnartz (SEB Funds) and Dennis Jönsson (Chairman of the Board of Alfa Laval AB). Jörn Rausing was elected Chairman and Emma Adlerton, General Counsel and Secretary to the Board of Alfa Laval AB, was appointed secretary. Due to Jörn Rausing's position as Board mem-

ber of Alfa Laval AB, his role as Chairman of the Nominating Committee is a deviation from the Code. The Nominating Committee considered this in its decision, and deemed Jörn Rausing to be particularly well suited to lead the work of the Committee and obtain the best possible results for the company's owners.

The composition of the Nominating Committee was published in a press release on September 14, 2022.

The information was also included in Alfa Laval's third-quarter interim report, which was published on October 25, 2022. The total holding of the shareholders appointing the Nominating Committee represented 43.2 percent of the number of shares in the company on August 31, 2022. Information about how to submit proposals for Board candidates to the Nominating Committee was published along with the composition of the Nominating Committee.



### Board of Directors

The Board of Alfa Laval manages the company on behalf of the shareholders and bears the ultimate responsibility for the organization and administration of the company. The work and responsibilities of the Board are governed by the Swedish Companies Act, the Swedish Board Representation (Private Sector Employees) Act, Alfa Laval's Articles of Association, the Main Market Rulebook and the Code. The Board is also responsible for establishing Board and CEO instructions in writing. These instructions describe the Board's work assignments, the committees to be established within the Board and the allocation of work between the Board, the committees, and the

President. Further, the Board instructions define the role of the Chairman of the Board. To enable the ongoing assessment of the company's financial position, the Board instructions include separate instructions regarding the financial reporting to be submitted to the Board.

In accordance with Alfa Laval AB's Articles of Association, the Board of Directors is to comprise a minimum of four and maximum of ten members, with a maximum of four deputy members. The members are elected annually by the general meeting for a period until the next Annual General Meeting. In order to safeguard the best interests of the company and its owners, the Board members shall devote the required time and care to the assignment and have the necessary competence. Additionally, the trade-union organizations appoint

three employee representatives to the Board as well as deputy employee representatives.

The Board's work includes establishing and evaluating Alfa Laval's overall long-term objectives and strategies. This is accomplished by establishing business and financial plans, reviewing and approving financial statements, adopting guidelines, making decisions on issues relating to acquisitions and divestments, deciding on major investments as well as significant changes to Alfa Laval's organization and operations. Moreover, the Board appoints, evaluates, and dismisses the company's President and establishes the instructions for the President with respect to the daily operations. The Board of Directors is also responsible for Alfa Laval's corporate governance and Business Principles.

### Compensation of Board members and attendance at Board meetings during 2022

	Name	Present	Compensation*
<b>Appointed by the AGM</b>	Dennis Jönsson	● 9	1,900,000
	Lilian Fossum Biner (elected at the Annual General Meeting 2021)	9	635,000
	Henrik Lange	9	635,000
	Ray Mauritsson	9	635,000
	Maria Moræus Hanssen	8	635,000
	Finn Rausing	8	635,000
	Jörn Rausing	9	635,000
	Ulf Wiinberg	8	635,000
	Heléne Mellquist**	2	–
	<b>Employee representatives</b>	Henrik Nielsen	9
Bror García Lantz		9	–
Johan Ranshög		9	–
Stefan Sandell (deputy member)		9	–
	<b>Total</b>	<b>9</b>	<b>6,345,000</b>

● Chairman

\*The compensation recognized pertains to the period between two AGMs.

\*\* Declined re-election at the AGM 2022.

The Board conducts its work primarily within the framework of formal Board meetings. Approximately eight ordinary Board meetings are held every year and extraordinary meetings are held when needed. Recurring agenda items at these meetings include health and safety, earnings results, order trends, investments, sustainability and business development. The company's President prepares an agenda for each meeting in consultation with the Chairman of the Board. When relevant, the work of each committee is presented by its respective Chairman at the meetings. Employees in the company are also invited to Board meetings as presenters and experts. The company's Chief Financial Officer participates in all meetings, as does the General Counsel, who serves as Secretary to the Board. Within some areas, the Board of Directors conducts its work through the Audit Committee and the Remuneration Committee. More information about the work of each committee of the Board is presented below.

#### **Responsibilities of the Chairman of the Board**

The Chairman of the Board directs the work of the Board in a manner that ensures that it complies with prevailing laws and regulations as well as internal instructions. The Chairman must ensure that the Board work is well organized and conducted efficiently, and that the Board fulfills its tasks. In dialogue with the company's President, the Chairman monitors operational developments and is responsible for ensuring that the other Board members continuously receive all information necessary for the work of the Board to be performed in the most effective manner. The Chairman ensures that the Board's decisions are executed and represents the company in ownership issues.

Moreover, the Chairman is responsible for introductory education for new Board mem-

bers and the annual evaluation of the Board's work. The Chairman participates in evaluation and development matters with respect to the Group's senior executives.

#### **Compensation of the Board**

Compensation to the Board is determined by the Annual General Meeting based on a proposal from the Nominating Committee. The Chairman as well as other members of the Audit Committee and the Remuneration Committee receive supplementary compensation. No Board or committee member is entitled to pension payments from the company.

#### **Composition of the Board after the 2022 Annual General Meeting**

The Board elected by the 2022 Annual General Meeting consists of eight members, with no deputy members. The Board's assignment lasts until the end of the 2023 Annual General Meeting. The Board also includes three employee representatives with three deputy employee representatives, appointed by the trade-union organizations.

Alfa Laval's Board of Directors demonstrates both diversity and breadth of competence, knowledge, and experience. The Chairman and the members have a broad operational experience within an industry that is relevant for Alfa Laval and within strategic development areas for the company. The members of the Board have gained experience in previous and current Board assignments in other companies as well as from senior positions previously held at other companies. In the last years, the collective skills of the Board have been expanded with experience from product development, network solutions, and retail and consumer goods companies. Furthermore, since the 2020 Annual General Meeting, the Board has a new Chairman, with thorough experience in successfully leading a large international company in a sector that is significant and relevant for Alfa Laval. More information about the Board members is available on page 100–101 and on Alfa Laval's website.

All members of the Alfa Laval Board elected by the Annual General Meeting 2022 are considered independent of the company and its management. All members are also considered independent of the company's major shareholders, except Finn Rausing and Jörn Rausing, who cannot be considered independent due to their relationship with the largest shareholder in Alfa Laval AB, Tetra Laval International S.A.

#### **Work of the Board in 2022**

The Board held nine Board meetings in 2022, including eight ordinary meetings and one extraordinary. Some Board meetings were

held digitally. Recurring items addressed at the Board meetings throughout the year included health and safety, the impact on the company due to the Russian invasion of Ukraine, inflation, earnings results, order trends, investments, sustainability, business development and acquisitions.

Another important area was climate and sustainability issues, with a focus on the Group's sustainability goals, product development to meet customers' sustainability-related goals and on strategic partnerships and acquisitions to position Alfa Laval for a more sustainable future. As a part of this focus, Alfa Laval acquired Desmet. The acquisition will strengthen Alfa Laval's position in the renewable energy area and complement its offering within edible oils. To further position Alfa Laval for a more sustainable future, Alfa Laval also acquired a patented technology to reform hydrogen from ammonia. The technology, in combination with Alfa Laval's heat transfer expertise, will increase the business opportunities within the growing market for hydrogen processing, facilitating the use of renewable fuels in the future. The Board of Directors was also regularly updated and involved in Alfa Laval's internal sustainability efforts during 2022 (see pages 54–86). In addition, the Board also approved the Sustainability Report 2022.

Other acquisitions discussed and decided by the Board of Directors were the acquisitions of BunkerMetric and Scanjet, both within the marine sector. BunkerMetric was acquired in accordance with Alfa Laval's strategy to expand its digital marine service offering. A Scandinavian software company develops advance decision support tools for marine bunker vessels and will be a part of StormGeo that Alfa Laval acquired in 2021. The acquisition of Scanjet, a leading supplier of marine tank cleaning equipment, will further extend Alfa Laval's broad tanker offering and create a more comprehensive product portfolio for cargo tanks.

On April 27, 2021, the Board of Directors initiated a share buyback programme in order to secure optimized capital structure. The buyback programme was finalized in April 2022.

Moreover, the Board regularly monitored the Group's earnings and financial position, and risk management as well as discussed the Group's strategy and business plan. Investment and operational restructuring issues and follow-ups of previous investments were also addressed at the Board meetings in 2022.



## Evaluation of the Board's work and Board education

Each year, an evaluation is made of the Board in order to lay the foundation for well-functioning and effective governance. The evaluation is carried out by the Chairman of the Board, some years in combination with external resources. Recurring areas of the evaluation include the Board's work methods, its work climate and its access to and need for particular Board competence. The evaluation is the foundation of the work of the Nominating Committee, both in terms of proposals for Board members and in terms of compensation. In 2022, the Chairman's annual evaluation was carried out through the customary interviews with Board members and through a digital platform. During the interviews, the Board members were asked to answer several questions related to various areas relevant to the Board's work.

New Board members are to go through a comprehensive introduction programme within six months of their election. The programme includes an introduction to the company and any other training agreed on by the Chairman and the individual member. In addition, an educational field trip takes place each year for the entire Board. Since no new Board members were elected in 2022 no introduction programme was initiated. However, the Board attended a field trip to Søborg, Denmark during the fall. The visit included a tour in the new Revos Innovation Centre, Decanter Innovation Centre, Food Systems workshop and the Service Centre Copenhagen, which is one of the largest advanced Service Centres for rotation equipment. The purpose of the visit was, among other things, to give the Board a deeper dive into some of the Food & Water applications and products.



### Committees

The Board instructions stipulate that there must be a Remuneration Committee and an Audit Committee that report to the Board. Members of the committees are appointed annually from within the Board at the statutory meeting.

### Audit Committee

#### *The Audit Committee's work and responsibilities*

Through the Audit Committee, the Board procures auditing services, maintains ongoing contact with the company's auditors and works to ensure that a sound internal control function and formalized procedures are in place to enable monitoring and assessment of the company's financial situation.

The Audit Committee ensures compliance with the principles for financial reporting and internal control. The Committee formulates guidelines for the company's financial reporting and follow-up, and has the right to determine the focus of the internal audit. The Committee examines the procedures for reporting and financial controls as well as the work, qualifications and independence of the external auditors. The Committee also follows up the effectiveness of the internal control systems and reviews the company's financial reports. For further information regarding the responsibilities of the Audit Committee, refer to 'The Board of Directors' report on internal control' on page 102–103.

#### *The Audit Committee's composition and work in 2022*

In 2022, the Audit Committee comprised Henrik Lange (Chairman), Dennis Jönsson and Lilian Fossum Biner with the Group Controller serving as secretary. The company's Chief Financial Officer, the Head of the Internal Audit Function and the company's auditors also participate in the Committee's meetings.

The Audit Committee held 6 digital meetings during 2022. Recurring items addressed at meetings included financial reports and a debriefing from the external auditors, planning external and internal audits, internal control processes, and Group provisions and allocations. In addition, the following were discussed:

- the questions from and the answer to the Board of Swedish Accounting Supervision,
- the finance policy and capital structure strategy, the update of the EMTN program, the company's "Enterprise Risk Management" plan and the company's Group Credit Policy,
- review of the outcome of the self-assessment in 2022 of managers regarding of internal control points,
- external review of the Sustainability Report,
- centralized transfer pricing documentation and OECD & Pillar 2,
- guidelines for the provision of services unrelated to auditing from the company's auditors and the independence of the auditors,
- ESEF reporting 2022,
- the reporting of environmentally sustainable activities in 2022 according to the EU taxonomy.

### Remuneration Committee

#### *The Remuneration Committee's work and responsibilities*

Through the Remuneration Committee, the Board determines salaries and remuneration for the President and senior executives. The Remuneration Committee is involved in recruitment, appointments, and matters pertaining to other conditions of employment

### Audit Committee: fees and attendance

Name	Present	Compensation
Henrik Lange	● 6	300,000
Lilian Fossum Biner (elected to the committee from April 2022)	5	150,000
Dennis Jönsson	6	150,000
Heléne Mellquist*	1	–
<b>Total</b>	<b>6</b>	<b>600,000</b>

● Chairman \*Declined re-election at the AGM 2022.

### Remuneration Committee: fees and attendance

Name	Present	Compensation
Dennis Jönsson	● 4	75,000
Jörn Rausing	4	75,000
Ulf Winberg	4	75,000
<b>Total</b>	<b>4</b>	<b>225,000</b>

● Chairman

relating to the President and Group management. The Committee is responsible for preparing the Executive Remuneration Policy to be resolved on by the Annual General Meeting and for submitting proposals to the Board regarding the remuneration report, which is to be prepared by the Board of Directors each fiscal year and be presented to the Annual General Meeting for approval. In addition, the Committee submits proposals to the Board on matters regarding salary and employment terms for the President and for senior executives reporting directly to the President.

#### ***The Remuneration Committee's composition and work in 2022***

In 2022, the Remuneration Committee comprised Dennis Jönsson (Chairman), Jörn Rausing and Ulf Wiinberg. President Tom Erixon and Pascale Gimenez, Senior Vice President Human Resources, also participate in the Committee's meetings. Minutes were taken separately or directly in the corresponding Board minutes.

The Remuneration Committee held four meetings in 2022. Recurring items addressed included the objectives of short-term (STI) and long-term (LTI) incentive plans as well as compensation to senior executives. In addition, the following items were also addressed:

- A proposal to the Board regarding the remuneration report for 2021 that was presented at the 2022 Annual General Meeting. The report describes how the Executive Remuneration Policy was applied in 2021.



#### **The company's Auditors**

##### **The Auditors' work and responsibilities**

The Auditors comprise a supervisory body appointed every year by the Annual General Meeting. In accordance with Alfa Laval AB's Articles of Association, the company must have at least one but not more than two Auditors and not more than two deputy Auditors. An authorized public accountant or a registered auditing firm must be appointed.

The assignment includes the following areas:

- auditing the accounting and financial statements of individual companies,
- evaluating the accounting policies applied,
- assessing the administration of company management,
- reviewing the interim report for the third quarter,
- evaluating the overall presentation in the Annual Report,
- review of sustainability report, and
- review of compliance with the principles for remuneration to senior executives.

The results of the auditors' work – the Audit Report – are communicated to shareholders

in the Annual Report and at the Annual General Meeting. In addition, the Auditors present a statement regarding the proposed discharge from liability, which is included in the agenda of every Annual General Meeting, along with the adoption of the income statement and balance sheet. The Auditors also present a statement regarding the Corporate Governance Report.

#### **Auditors elected at the 2022 Annual General Meeting**

At the Annual General Meeting, 2022, the Authorized Public Accountants Staffan Landén and Karoline Tedevall were elected as the company's Auditors and Henrik Jonzén and Andreas Mast were elected as deputy auditors. The company has assessed that none of the elected Auditors or their deputies have any relationship to Alfa Laval or any company related to Alfa Laval, which could affect their independent status. In 2022, the entire Board of Directors received a report from the company's external auditors on one occasion, which took place without the President or anyone in Group management being present. The Audit Committee received separate reports on five occasions.

The company's auditors are remunerated according to approved invoices. Refer to Note 7 on page 161.

# Board of Directors and auditors

Appointed by the Annual General Meeting



**Dennis Jönsson**  
Chairman since 2020.

*Born: 1956.*

Formerly President and CEO of Tetra Pak.

**Education:** BSc. Econ from Stockholm University.

Independent of the company and major shareholders.

**Number of shares in Alfa Laval:** 210,000\* (210,000\*\*)



**Ulf Wiinberg**  
Board member since 2013.

*Born: 1958*

President of X-Vax Inc. Formerly CEO of H. Lundbeck A/S, Director of Wyeth Pharmaceuticals, EMEA/ Canada & BioPharma, and a number of other senior positions in Wyeth.

**Education:** Courses at Colombia University (IBM) and University of Pennsylvania - Wharton

**Chairman of the Board:** Hansa Biopharma AB and Sigrid Therapeutics.

**Board member:** UCB Pharma and Agenus Inc.

Independent of the company and major shareholders.

**Number of shares in Alfa Laval:** 20,000\* (20,000\*\*)



**Henrik Lange**  
Board member since 2018.

*Born: 1961*

Previously President and CEO of Gunnebo AB; held several senior positions within the SKF Group, including Industry Division Manager and CFO, and served as CEO of Johnson Pump AB.

**Education:** BSc. Econ. from the Gothenburg School of Business, Economics and Law

**Board member:** Velux A/S, IPCO AB, BDR Thermea Group B.V, Nilörn AB, Traction AB and The German-Swedish Chamber of Commerce.

Independent of the company and major shareholders.

**Number of shares in Alfa Laval:** 6,000\* (4,000\*\*)



**Finn Rausing**  
Board member since 2000.

*Born: 1955*

**Education:** B.L., MBA from INSEAD.

**Board member:** Tetra Laval Group, DeLaval Holding AB and Excillum AB.

Independent of the company.

**Number of shares in Alfa Laval:** -



**Jörn Rausing**  
Board member since 2000.

*Born: 1960*

Head of Mergers and Acquisitions (M&A) in the Tetra Laval Group.

**Education:** BSc. Econ.

**Board member:** Tetra Laval Group, Ocado PLC and DeLaval Holding AB.

Independent of the company.

**Number of shares in Alfa Laval:** -



**Maria Moraeus Hanssen**  
Board member since 2019.

*Born: 1965*

Previously COO, Vice President/ CEO of Wintershall Dea Holding GmbH and President and CEO of DEA Deutsche Erdoel AG.

Held several executive positions in ENGIE SA, Aker ASA, Statoil ASA (now Equinor ASA) and Norsk Hydro ASA.

**Education:** Petroleum technology at the Norwegian University of Science and Technology (NTNU), and petroleum economics at IFP School in Paris.

**Board member:** Schlumberger limited, Scatec ASA, Oslobygg KF (chair) and Wastefront AS (chair)

Independent of the company and major shareholders.

**Number of shares in Alfa Laval:** 830\* (830\*\*)



**Ray Mauritsson**  
Board member since 2020.

*Born: 1962*

President and CEO, Axis AB.

Former positions include several different leading positions in Axis Communications AB and Tac (today part of Schneider Electric).

**Education:** MSc. Engineering Physics, Lund University Faculty of Engineering, Executive MBA, Lund University School of Economics.

Independent of the company and of major shareholders.

**Number of shares in Alfa Laval:** 6 000\* (-\*\*)



**Lilian Fossum Biner**  
Board member since 2021.

*Born: 1962*

Previously CFO at Axel Johnson AB and Senior Vice President and Head of HR and Organizational Development for Electrolux Group.

**Education:** BSc. Econ. Stockholm School of Economics.

**Board member:** LeDap AB, Röko AB, Scania AB, Carlsberg Group A/S, Givaudan SA and a-connect AG.

Independent of the company and major shareholders.

**Number of shares in Alfa Laval:** 800\* (800\*\*)

## Employee representatives



**Henrik Nielsen**  
Employee representative since 2015.

*Born: 1968*

Employed by Alfa Laval since 1994.

Employee representative for the Swedish Metal Workers' Union (IF Metall).

**Number of shares in Alfa Laval:**  
50\* (50\*\*)



**Johan Ranhög**  
Employee representative since 2021.

*Born: 1964*

Employed by Alfa Laval since 2016.

Employee representative for the Swedish Confederation of Professional Associations (SACO).

**Number of shares in Alfa Laval:**  
101\* (101\*\*)



**Bror García Lantz**  
Employee representative since 2012.

*Born: 1965*

Employed by Alfa Laval since 1990.

Employee representative for the Swedish Union of Clerical and Technical Employees in Industry (Unionen).

**Number of shares in Alfa Laval:**  
100\* (100\*\*)

\*Holdings at December 31, 2022. \*\*Holdings at December 31, 2021.

## Deputy employee representatives

**Leif Norkvist**  
Deputy member since 2009.

*Born: 1961*

Employed by Alfa Laval since 1993.

Deputy employee representative for the Swedish Metal Workers' Union (IF Metall).

**Stefan Sandell**  
Deputy member since 2005.

*Born: 1971*

Employed by Alfa Laval since 1989.

Deputy employee representative for the Swedish Organization for Managers (Ledarna).

**Johnny Hultén**  
Deputy member since 2017.

*Born: 1961*

Employed by Alfa Laval since 1977.

Deputy employee representative for the Swedish Metal Workers' Union (IF Metall).

## Auditors

**Staffan Landén**  
Authorized Public Accountant, EY.

*Born: 1978*

Company auditor since 2018.

**Karoline Tedevall**  
Authorized Public Accountant, EY.

*Born: 1978*

Company auditor since 2018.

## Deputy Auditors

**Henrik Jonzén**  
Authorized Public Accountant, EY.

*Born: 1977*

Deputy auditor since 2018.

**Andreas Mast**  
Authorized Public Accountant, EY.

*Born: 1979*

Deputy auditor since 2020.

\*Holdings on December 31, 2022. \*\*Holdings on December 31, 2021.

# President and Group management



**Tom Erixon**  
President and CEO.

*Born: 1960*

CEO since March 1, 2016.

Former positions include President and CEO of OVAKO AB and President of Sandvik Coromant.

**Chairman of the Board:** Afry AB.

**Education:** MA Law from the University of Lund in Sweden and MBA Business Administration from IESE in Spain.

**Number of shares in Alfa Laval:** 129,200\* (101,200\*\*)



**Fredrik Ekström**  
Chief Financial Officer.

*Born: 1975*

Employed by Alfa Laval since 1998. Chief Financial Officer since 2022.

Former positions include several international positions in Alfa Laval, most recently as President Business Unit Brazed & Fusion Bonded Heat Exchangers.

**Education:** MBA, University of Illinois at Urbana Champaign, USA.

**Number of shares in Alfa Laval:** 2,000\* (-)\*\*



**Pascale Gimenez**  
Senior Vice President,  
Human Resources.

*Born: 1966*

Employed by Alfa Laval since August 1, 2018.

Former positions include Senior Vice President of Human Resources at various units within Sandvik and Electrolux.

**Education:** Master's degree in marketing from ESSEC Business School and a degree in engineering from the Institut Supérieur Agricole de Beauvais.

**Number of shares in Alfa Laval:** 200\* (-)



**Emma Adlerton**  
General Counsel & Secretary to  
the Board of Directors.

*Born: 1973*

Employed by Alfa Laval since 2008.

General Counsel and Secretary to the Board of Directors since 2015; President of Group Affairs (Sustainability, Corporate Development, Legal & Compliance, Risk & Patent). Former positions include senior legal counsel in the Alfa Laval Group and attorney at law.

**Education:** Master Laws (LL.M), Lund University.

**Number of shares in Alfa Laval:** 2,500\* (1,000\*\*)



**Mikael Tydén**  
President, Operations Division.

*Born: 1967*

Employed by Alfa Laval since 1995.

President of the Operations Division since January 2017. Former positions include head of global manufacturing and supply of separators, decanters, hygienic fluid handling equipment and air heat exchangers 2005–2016.

**Education:** Ms. Mech. Eng.

**Number of shares in Alfa Laval:** 3,000\* (1,000\*\*)

\*Holdings on December 31, 2022. \*\*Holdings on December 31, 2021.

## Areas of responsibility

The President directs the daily operations and is responsible for ensuring that the Board of Directors has access to the necessary information and supporting documentation for its decision-making purposes. The President is also responsible for ensuring that the company's accounting complies with applicable laws and regulations, and shall prepare and monitor compliance with the goals, policies and strategic plans of the company and the Group, such as the Business Principles. The President has the support of Group management, to which responsibilities and authority are delegated. The members of Group management include a head of global sales and service, four divisional managers and the heads of HR, Group Affairs (Sustainability, Corporate Development, Legal & Compliance, Risk & Patent) and Finance.

## Remuneration to senior executives, pensions and severance pay/termination of employment

The Executive Remuneration Policy for the President and other members of Group management was determined at the Annual General Meeting 2021. For additional information, refer to pages 159–161 and 189–191.



**Joakim Vilson**  
Senior Vice President,  
Global Sales & Service.

*Born: 1965*

Employed by Alfa Laval since 1990. Former positions include Executive Vice President in charge of the Central and Eastern Europe, Latin America, Middle East and Africa Regions, Head of Mid Europe Region and Head of the Process Industry segment.

**Education:** BSc. Eng.

**Number of shares in Alfa Laval:** 7,520\* (6,520\*\*)



**Thomas Møller**  
President, Energy Division.

*Born: 1974*

Employed by Alfa Laval since 2002. President of the Energy Division since 2021. Former positions include President Business Unit Decanters, Water & Waste Segment Manager and Market Unit Power Manager.

**Education:** BSc. Eng.

**Number of shares in Alfa Laval:** 4,800\* (1,106\*\*)



**Nish Patel**  
President, Food & Water Division.

*Born: 1962*

Employed by Alfa Laval since 1984. Former positions include Executive Vice President in charge of the Western Europe and North America Regions, and Head of India and the UK.

**Education:** BSc. Eng.

**Number of shares in Alfa Laval:** 47,552\* (47,552\*\*)



**Sameer Kalra**  
President, Marine Division.

*Born: 1962*

Employed by Alfa Laval since 2011. Previously Managing Director FRAMO AS, Executive Vice President- Sales and Marketing – Aalborg Industries AS

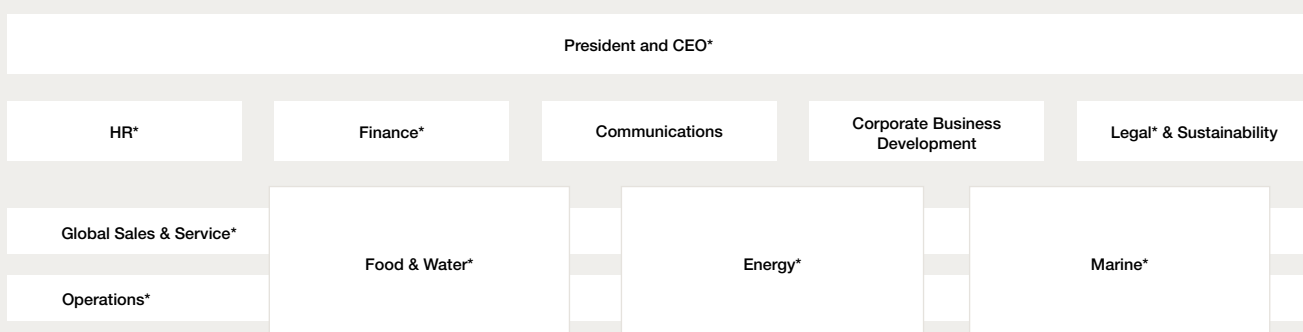
**Education:** Marine engineer and MBA.

**Number of shares in Alfa Laval:** 10,500\* (2,000\*\*)

\*Holdings on December 31, 2022. \*\*Holdings on December 31, 2021.

## Operational control

Alfa Laval's operational control model comprises a matrix in which the Group's divisions are presented vertically, intersecting with the Group's geographic regions, which are presented horizontally. The Operations Division, which is responsible for production-related procurement, production, logistics and distribution, serves as a shared supply chain for the sales divisions.



\*Members of Group management

## Group management meetings in 2022

Group management held ten scheduled meetings in 2022 during which minutes were taken. In addition, quarterly reviews were performed to discuss the business developments in the divisions and regions. These reviews addressed the business climate, earnings, earnings projections for the next 12 months and specific issues affecting the respective business areas. Separate strategy meetings were also held to address, among other areas, management's

proposals concerning the future direction with regard to organic growth and growth through acquisitions. In 2022, Group management addressed health and safety, business development in divisions and regions with deeper reviews in specific countries, research and development, sustainability, investment requirements, and acquisition opportunities.

# Board of Directors' report on internal control

The Board is responsible for the internal control of the company, with the aim of safeguarding its assets and thus the interests of the shareholders. Through sound internal control, the Board ensures the reliability of Alfa Laval's reporting and its compliance with legislation, regulations, applicable accounting policies and the company's Business Principles. All communication and financial reporting are to be correct, relevant, objective and transparent.

## Control environment

The control environment includes the internal governance instruments adopted by the Board for the company's daily operations. The control instruments comprise policy documents, which are continuously assessed, reviewed and updated. These documents include, for example, the Board's instructions, the President's instructions, reporting instructions, the company's finance policy, business principles, investment policy and communication policy.

**The Board** has overriding responsibility for financial reporting, among other things, and must therefore assess the performance and earnings of the operations through a package of reports including results, forecasts and analyses of key indicators. The Board also reviews the company's interim reports and year-end report and shall meet with the external auditors at least once a year without the presence of the President or other members of Group management.

**The President** is subject to instructions issued by the Board and is responsible for ensuring an effective control environment. The President is also responsible for the ongoing control work and for ensuring that the company's accounting complies with legislation and that the management of assets is adequately performed. The President is also responsible for ensuring that all Board members regularly receive sufficient information to be able to assess the company's financial position.

**Group management** is responsible for managing and maintaining the internal control systems required to manage significant risks in the company's operating activities. Management is also responsible for clearly ensuring that all employees understand the requirements for and the individual's role in maintaining sound internal control.

Alfa Laval follows the 3 lines of defence model to ensure a standardized and comprehensive approach to governance and risk management and establish adequate levels of ownership and accountability. The first line of defence is represented by the business operations which implement and maintain the control activities. The second line is represented by various group and oversight functions who also set directions, define policy and procedures, and have functional oversight. The third line is represented by the internal audit function that has the responsibility of providing independent and objective assurance over the internal control activities performed by the first and second line.

**The Board's Audit Committee** is tasked with ensuring compliance with the principles for financial reporting and internal control. The Committee follows up the effectiveness of the internal control system and reviews the financial procedures to ensure that the information can be traced back to underlying financial systems and that it is in line with legislation and relevant standards.

The Committee examines procedures for reporting and financial controls as well as addressing the company's financial reports. It also monitors, evaluates and discusses significant issues related to accounting and financial reporting. The Committee evaluates and manages information pertaining to disputes and potential improprieties, and assists management with identifying and evaluating mainly financial and similar risks that are relevant to the operations in order to ensure that the focus is on managing these risks. It also reviews the company's information security system and the contingency plans in place to ensure delivery of financial information.

The Audit Committee has the right to determine the focus of the internal audit and is responsible

for ensuring the efficiency of the function by assessing its activities, resources and structure. The Committee is also responsible for reviewing the results and recommendations of the internal audit to ensure that they are handled in an appropriate manner. It is responsible for reviewing the internal audit plan every six months to ensure that it addresses the relevant risk areas and for ensuring that there is suitable coordination between the internal and external audit. The Audit Committee holds regular meetings with the external auditors and reviews their work, qualifications and independence, and the results of this review are reported to the company's Nominating Committee on an annual basis. The Audit Committee supports the Nominating Committee in its work to nominate auditors and conducts an annual review of the proposed scope of the audit. Reports are provided to the Board regarding internal meetings as well as meetings with the internal auditors, the external auditors and various specialists in Group management and its support functions. The Committee is responsible for reviewing significant results from the external audit and the recommendations issued by the external auditors as a result. It is also responsible for establishing guidelines that ensure the independence of the external auditors.

**The internal auditors** review and implement improvements to the internal control function, conduct internal audits – which are reported to the Audit Committee – and propose plans for the coming six to eight months. The internal auditors also issue reports from individual audits to the appropriate members of Group management. Procedures are in place for performing regular reviews of the agreed actions to guarantee that specific actions are taken following the internal audit. These are based on an agreed schedule set with the party responsible for the individual activities. The Internal Audit Function comprises of

internal auditors, internal specialist resources and external auditors. Internal audits encompass a broad spectrum of functions and issues determined by the Board. The areas audited include: compliance with the systems, guidelines, policies and processes established for the Group's business operations; the existence of systems to ensure that financial transactions are carried out, archived and reported in an accurate and lawful manner; and opportunities to improve management control, the company's profitability and the organization, which may be identified during audits. In 2022, 22 internal audits were performed.

#### **Risk assessment**

Within the framework of the company's operating activities and review functions, procedures are in place for risk assessments pertaining to the financial reporting. These procedures aim to identify and evaluate the risks that may affect internal control. The procedures encompass risk assessments in conjunction with strategic planning and acquisition activities as well as processes for identifying amendments to the accounting policies to ensure that they are accurately reflected in the financial reporting.

#### **Control structures**

Control structures are in place in all areas of the organization in order to prevent, identify and adjust errors or deviations. They manage the risks that the Board and management consider to be significant to the business, internal control and financial reporting. These structures comprise both an organization with clearly defined roles that enables an effective and – from an internal control perspective – appropriate division of responsibility, and specific control activities that enable the identification and timely prevention of risks becoming a reality. Control activities also include clearly defined decision-making processes and a policy for decision-making with respect to, for

example, investments, agreements, acquisitions and divestments, earnings analyses and other forms of analytical reviews, reconciliations, inventory-taking and automatic controls in the IT systems.

#### **Information and communication**

The company's regulations, guidelines and manuals are communicated through several internal channels and the efficiency of this communication is monitored on an ongoing basis. There are formal and informal information channels that enable employees to communicate important information to relevant recipients and ultimately, if necessary, to the Board of Directors. Clear guidelines have also been established for external communications, the aim of which is to provide the most accurate and relevant overview possible while at the same time ensuring that all obligations are met.

#### **Follow-up**

The internal control process is mainly followed up by two bodies: the Audit Committee and the Internal Audit Function. The Audit Committee establishes the principles that apply for the company with respect to accounting and financial reporting, and monitors compliance with these regulations.

The Committee meets with the external auditors to obtain information about the focus and scope of the audit and to discuss results and coordination of the external and internal audits. In addition, the Committee establishes the direction, scope and time schedules for the work of the internal audit team, whose audits are reported to the Audit Committee and continuously to Group management so that any necessary measures may be taken. The scope of the internal audit includes, among other factors, operational efficiency, compliance with regulations and guidelines, and the quality of financial reporting from the subsidiaries.

Alfa Laval has implemented a management testing process for key internal controls over business processes in the company. The managers and key employees evaluated their compliance through a control self-assessment test for important internal controls in these business processes and will perform this on an annual basis. Based on the results, the internal controls framework will be strengthened and assist in risk-based valuation of the business processes at Alfa Laval.

Lund, March 2023  
*Board of Directors*



# Auditor's report on the corporate governance statement

To the general meeting of the shareholders of Alfa Laval AB (publ), corporate identity number 556587-8054

## Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2022 on pages 90–105 and that it has been prepared in accordance with the Annual Accounts Act.

## The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on

Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

## Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Lund 27 March 2023

Staffan Landén  
Authorized Public Accountant  
Ernst & Young AB

Karoline Tedevall  
Authorized Public Accountant  
Ernst & Young AB



#### **This is Alfa Laval**

Alfa Laval is active in the areas of Energy, Marine, and Food & Water, offering its expertise, products, and service to a wide range of industries in some 100 countries. The company is committed to optimizing processes, creating responsible growth, and driving progress – always going the extra mile to support customers in achieving their business goals and sustainability targets.

Alfa Laval's innovative technologies are dedicated to purifying, refining, and reusing materials, promoting more responsible use of natural resources. They contribute to improved energy efficiency and heat recovery, better water treatment, and reduced emissions. Thereby, Alfa Laval is not only accelerating success for its customers, but also for people and the planet. Making the world better, every day. It's all about *Advancing better™*.

#### **How to contact Alfa Laval**

Up-to-date Alfa Laval contact details for all countries are always available on our website at [www.alfalaval.com](http://www.alfalaval.com)