

Minutes from the Annual
General Meeting with the
shareholders in **Alfa Laval AB**
(publ), reg. no 556587-8054 on
April 26, 2017 in Lund

§1 Opening of the Annual General Meeting.

The Meeting was opened by the Chairman of the Board of Directors, **Anders Narvinger**.

§2 Election of a Chairman for the Meeting.

The Chairman of the Board of Directors, **Anders Narvinger**, was appointed Chairman of the Annual General Meeting, after having been proposed by **Lars-Åke Bokenberger**, representing AMF and the Nomination Committee. The **Chairman** appointed **Emma Adlerton**, Group General Counsel at Alfa Laval, to keep the minutes of the Meeting.

The Meeting approved that representatives of media and invited guests should be allowed to participate in the Meeting as audience.

According to the voting instructions that had been notified to the Company in advance of the Meeting, a minority, representing 2,698,942 (1.0%) votes, abstained from voting concerning this proposal.

Emma Adlerton requested shareholders who would not give their consent, pursuant to the Personal Data Act (*Sw. personuppgiftslagen*), to their personal data being noted in the minutes and to the publication of the minutes on the Company's website, to announce to the Meeting such opinion in connection with their respective address.

§3 Preparation and approval of the voting register.

Emma Adlerton presented the procedure for establishing the voting list. A list including the shareholders that on the record date for the Meeting were recorded in the share register and that had given notice of attendance in due time before the Meeting had been prepared. The list was thereafter adjusted to reflect the shareholders that had been registered as present at the meeting and the subsequently adjusted voting list was presented to the Meeting.

The Meeting approved the adjusted list of shareholders as voting list at the Meeting, according to Exhibit 1. It was noted that the total number of votes represented at the Meeting was 269,313,027 votes constituting approximately

64.0% of the total number of votes in the Company. In total, 291 persons attended the Meeting, including representatives, assistants, guests and functionaries.

According to the voting instructions that had been notified to the Company in advance of the Meeting, a minority, representing 2,698,942 (1.0%) votes, abstained from voting concerning this proposal.

§4 Approval of the agenda for the Meeting.

The Meeting adopted the agenda proposed in the convening notice as agenda for the Meeting.

According to the voting instructions that had been notified to the Company in advance of the Meeting, a minority, representing 2,698,942 (1.0%) votes, abstained from voting concerning this proposal.

§5 Election of one or two persons to attest the minutes.

The Meeting resolved that the minutes were to be attested, in addition to the Chairman, by **Annika Boström** (Advokatfirman Glimstedt representing a number of institutional shareholders) and **Joakim Sandström** (representing Sveriges Aktiesparares Riksförbund, Aktiespararnas Serviceaktiebolag and Aktiespararna Topp Sverige).

According to the voting instructions that had been notified to the Company in advance of the Meeting, a minority, representing 2,698,942 (1.0%) votes, abstained from voting concerning this proposal.

§6 Determination whether the Meeting has been duly convened.

Emma Adlerton announced that the notice convening today's Meeting, in accordance with the provisions of the Articles of Association, was announced on the Company's website on March 21, 2017, and in the Swedish Official Gazette (*Swedish*: "Post- och Inrikes Tidningar") and Dagens Nyheter on March 23, 2017. The Meeting established that it had been duly convened.

According to the voting instructions that had been notified to the Company in advance of the Meeting, a minority, representing 2,698,942 (1.0%) votes, abstained from voting concerning this proposal.

§7 Presentation by the Managing Director.

The CEO of the Company, **Tom Erixon**, reported on the financial year 2016 and informed about the action program initiated in 2016, including the new organizational structure, the Company's updated financial targets, the

sustainability targets, and the current development in the group during the first quarter 2017. **Tom Erixon** also thanked all employees for good performance during 2016.

Thereafter, the participants of the Meeting were given the opportunity to put forward their questions, during which the following questions were addressed:

Carina Lundberg Markow, representing Folksam and subsidiaries, began with emphasizing the importance that their clients' investments are sustainably managed and praised the Company for presenting the Company's work on the sustainability targets. **Carina Lundberg Markow** further emphasized that, in sustainability matters, it is important with clear objectives for the management and she asked whether the Company connects, or could connect, the sustainability targets to the employees' variable compensation. **Tom Erixon** replied that it is the financial parameters, related to the entire group or to specific areas, that regulate the system currently available for the variable compensation to employees. This is important in order to maintain the link to the shareholder value. **Tom Erixon** further stated that a smaller component of the financial parameters could be used for other strategically prioritized areas wherein sustainability targets could be included. However, there are currently no such plans. Finally, **Tom Erixon** emphasized that he has high confidence that the employees are working to achieve the sustainability targets without having any specific individual financial incentives for this.

Joakim Sandström, representing Sveriges Aktiesparares Riksförbund, Aktiespararnas Serviceaktiebolag and Aktiespararna Topp Sverige, asked for the Board of Directors' and the management's view of acquisitions going forward. **Tom Erixon** emphasized that the answer to this question will, due to confidentiality reasons, be given on a general level. He continued to explain that, in the light of the restructuring process within the Company, focus has during the past year mainly been on the Company's own operations. The historical investments in acquisitions of companies have, to a great extent, developed well and these companies have been well integrated into the Company's business. **Tom Erixon** stated that the intention going forward is to continuing the acquisition strategy, especially in the Food & Water industry. **Anders Narvinger** added that the Company's balance sheet allows for acquisitions in the future.

Bo Selling, representing Alecta, emphasized that new market related to treatment of ballast water and sulfur reduction seems promising and he asked about the Company's potential market share and competitors related to such new market. **Tom Erixon** replied that the requirements for treatment of ballast water and sulfur reduction have been driven by the legislator and not by the industry itself. This means that the ship owners are investing in these new products because they are required to do so, not because they want to, which affects the forecasts of the investments. The assessment is that the Company will gradually begin to gain market shares during 2017, but the large increase is expected to take place in 2018-2020. **Tom Erixon** added that the main competitor is Wärtsilä.

§8 Report on the work of the Board of Directors and the Committees of the Board of Directors.

The Chairman of the Board of Directors, **Anders Narvinger**, reported on the work of the Board of Directors and the work of the Remuneration Committee of the Board. **Finn Rausing**, Chairman of the Board's Audit Committee, reported on the work in the Audit Committee.

§9 Presentation of the annual report and the Auditors' report, as well as the consolidated annual report and the Auditors' report for the group, and the Auditors' report regarding compliance with the guidelines for compensation to senior management adopted at the 2016 Annual General Meeting.

The annual report and the Auditors' report for the Company and the consolidated annual report as well as the Auditors' report on the consolidated annual report for the financial year January 1–December 31, 2016, were presented. It was noted that the annual report and the Auditors' report for the Company as well as the consolidated annual report and the Auditors' report for the group had been available at the offices of the Company and on its website since March 28, 2017 and that copies had been sent to shareholders who had requested this and informed about their postal address and that copies of the printed annual report were available in the registration area for the Annual General Meeting. The Meeting resolved that the annual report for the Company as well as the consolidated annual report had been duly presented.

Håkan Olsson Reising, one of the Company's two Auditors, described the main contents of the Auditors' report.

The Meeting concluded that the Auditors' report for the Company and the Auditors' report for the group for the financial year January 1–December 31, 2016 had been duly presented.

Håkan Olsson Reising also presented the Auditors' report, in accordance with Chapter 8 Section 54 of the Swedish Companies Act (SFS 2005:551), regarding compliance with the guidelines for compensation to senior management adopted by the Annual General Meeting 2016, Exhibit 2, after which the Meeting established that this report had been duly presented.

The Chairman also informed the Meeting that the below mentioned statements and decision materials had been available to the shareholders for more than three weeks prior to the Meeting and had been distributed at the Meeting. The documents in question are:

- Statement by the Board of Directors concerning the proposed dividend, and
- The Board of Directors' complete proposal for a resolution on guidelines for compensation to senior management.

The Meeting concluded that the above mentioned documents had been duly presented.

§10(a) Resolution on adoption of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet.

The Meeting resolved to approve the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet, all as per December 31, 2016 and as presented in the 2016 annual report.

According to the voting instructions that had been notified to the Company in advance of the Meeting, a minority, representing 3,525,507 (1.31%) votes, abstained from voting concerning this proposal.

§10(b) Resolution on allocation of the Company's profit according to the adopted balance sheet and on record date for distribution of profits.

The Meeting resolved, in accordance with the proposal of the Board of Directors on the disposition of the Company's profit, as supported by the Auditors, that dividend shall be paid by SEK 4.25 per share for the financial year 2016, and that the remaining earnings shall be carried forward.

The Meeting further resolved that the record date for determining who shall be entitled to receive dividend shall be Friday April 28, 2017.

It was noted that the dividend is estimated to be distributed by Euroclear Sweden AB on Thursday May 4, 2017.

§10(c) Resolution on discharge from liability for members of the Board of Directors and the Managing Director.

Subject to what is stated below, the Meeting, in accordance with the recommendation from the Auditors, unanimously resolved to discharge the members of the Board of Directors and the Managing Director from liability in respect of their management of the Company's business for the financial year 2016.

It was noted that neither the members of the Board of Directors nor the Managing Director owning shares in the Company participated in this resolution as far as it regarded themselves.

According to the voting instructions that had been notified to the Company in advance of the Meeting, a minority, representing 3,525,507 (1.31%) votes, abstained from voting regarding this proposal and a minority representing 39,827 (0.01%) votes, voted against this proposal.

§11 Report on the work of the Nomination Committee.

The Chairman informed that at the Annual General Meeting 2016 it was resolved that the principles for the appointment of the Nomination Committee and the Nomination Committee's assignment shall remain in force until the General Meeting resolves otherwise. These principles have, for information purposes, been available on the Company's website prior to the Meeting.

Finn Rausing, Chairman of the Nomination Committee and representative of Tetra Laval, reported on the work of the Nomination Committee.

It was established that the Nomination Committee represented approximately 72% of the number of votes present at the Meeting and approximately 46% of all shares in the Company.

§12 Determination of the number of members of the Board of Directors and deputy members of the Board of Directors to be elected by the Meeting as well as the number of Auditors and deputy Auditors.

Lars-Åke Bokenberger, representing the Nomination Committee, proposed, in accordance with the proposition contained in the convening notice, that the number of Board members to be elected by the Meeting shall be eight with no deputies, and that the number of Auditors shall be two and that the number of deputy Auditors shall be two.

The Meeting resolved that the number of members of the Board of Directors to be elected by the Meeting shall be eight with no deputies and that the number of Auditors shall be two and that the number of deputy Auditors shall be two.

§13 Determination of the compensation to the Board of Directors and the Auditors.

Lars-Åke Bokenberger, representing the Nomination Committee, proposed and the Meeting resolved that the compensation to the Board of Directors shall be SEK 5,250,000 to be distributed among the members of the Board of Directors elected by the Meeting and not employed by the Company, as follows:

Chairman of the Board of Directors:	SEK 1,575,000
Other members of the Board of Directors:	SEK 525,000

Furthermore, the Meeting resolved that, in addition to the above compensation to the members of the Board of Directors who are elected by the Meeting and

who are not employed by the Company, the compensation mentioned below shall be distributed to the Chairman or members of the Committees mentioned below:

Extra amount for the Chairman of the Audit Committee:	SEK 175,000
Extra amount for the other members of the Audit Committee:	SEK 125,000
Extra amount for the Chairman of the Remuneration Committee:	SEK 50,000
Extra amount for other members of the Remuneration Committee:	SEK 50,000

The Chairman informed that the Company may approve that the Board fee is invoiced through a (Swedish) limited liability company wholly-owned by a Board member or a Board member's private business, provided that it is cost neutral for the Company pursuant to applicable legislation.

The Meeting further resolved that the fee to the Company's Auditors shall be paid as per approved invoice.

According to the voting instructions that had been notified to the Company in advance of the Meeting, a minority, representing 364,025 (0.14%) votes, voted against this proposal.

§14 Election of Chairman of the Board of Directors, members of the Board of Directors and deputy members of the Board of Directors, Auditors and deputy Auditors.

Lars-Åke Bokenberger, representing the Nomination Committee, proposed, in accordance with the proposition in the convening notice, to re-elect Arne Frank, Ulla Litzén, Anders Narvinger, Finn Rausing, Jörn Rausing, Ulf Wiinberg and Margareth Øvrum as members of the Board of Directors. Furthermore, it was proposed to elect Anna Ohlsson-Leijon as new member of the Board of Directors.

It was noted that Gunilla Berg had declined re-election.

Lars-Åke Bokenberger, representing the Nomination Committee, introduced Anna Ohlsson-Leijon and informed about, among other things, her assignments within the Electrolux Group.

The Chairman informed that information about the proposed persons was distributed at the meeting and available on the Company's website.

The Meeting resolved, in accordance with the proposition in the convening notice, to re-elect Arne Frank, Ulla Litzén, Anders Narvinger, Finn Rausing, Jörn Rausing, Ulf Wiinberg and Margareth Øvrum as members of the Board of Directors and to elect Anna Ohlsson-Leijon as new member of the Board of Directors. The Meeting further resolved to re-elect Anders Narvinger as Chairman of the Board of Directors and that in case Anders Narvinger's assignment as

Chairman of the Board of Directors should end prematurely, the Board of Directors shall appoint a new Chairman.

Lars-Åke Bokenberger, as representative of the Nomination Committee, also informed that the Nomination Committee has assessed that all eight members elected by the Meeting are independent of the Company and the management and that the Nomination Committee also has made the assessment that all of the members elected by the Meeting, except for Board members Finn Rausing and Jörn Rausing are independent of the Company's major shareholder.

The Chairman informed that three employee representatives and three deputies are elected to represent the employees on the Board of Directors and that these are to be elected by the respective trade union. Currently, the employee representatives are Bror García Lantz, Henrik Nielsen and Susanne Jonsson, with Leif Norkvist, Christer Olofsson and Stefan Sandell as deputies.

The Meeting further resolved to re-elect the authorized public accountants Håkan Olsson Reising and Joakim Thilstedt as auditors for the Company for the coming year, that is up to and including the Annual General Meeting 2017, and to re-elect the authorized public accountants David Olow and Duane Swanson to be deputy Auditors for the Company for the coming year, that is up to and including the Annual General Meeting 2018.

According to the voting instructions that had been notified to the Company in advance of the Meeting, a minority, representing 1,314,515 (0.49%) votes, abstained from voting regarding this proposal and a minority representing 14,315,462 (5.31%) votes, voted against this proposal.

§15 Resolution on guidelines for compensation to senior management.

The Chairman presented the Board of Directors' proposal on guidelines for compensation to and other employment conditions for the senior management, Exhibit 3. He also clarified that the proposed guidelines for compensation to senior management correspond in substance with the guidelines that have been approved at the last years' Annual General Meetings.

The Meeting resolved to adopt the proposal of the Board of Directors on guidelines for compensation to senior management, Exhibit 3.

According to the voting instructions that had been notified to the Company in advance of the Meeting, a minority, representing 4,084,695 (1.52%) votes, abstained from voting regarding this proposal and a minority representing 33,722,464 (12.5%) votes, voted against this proposal.

Joakim Sandström, representing Sveriges Aktiesparares Riksförbund, Aktiespararnas Serviceaktiebolag and Aktiespararna Topp Sverige, emphasized that the payment of outstanding vacation pay to the Company's former CEO, Lars Renström, was noted. **Anders Narvinger** stated that same principles for

saving of vacation days apply for all employees. These principles are in accordance with the Vacation Act (*Sw. semesterlagen*) and applicable collective bargaining agreements. **Joakim Sandström** also asked why the current CEO, Tom Erixon, participates retroactively in the plans in the cash-based long-term incentive program that started in 2014 and 2015. **Anders Narvinger** stated that the cash-based long-term incentive program is a three-year program, where different stages of the program run in parallel. In order to ensure that Tom Erixon would be at a right level at his entry to the incentive program, it was decided that he should participate retroactively in the plans that started in 2014 and 2015.

§16 Closing of the Meeting.

Anders Narvinger thanked Gunilla Berg for her wise and committed work in the Board of Directors during her 13 years as a Board member of the Company.

The Chairman declared the Annual General Meeting of 2017 closed and welcomed the shareholders to the Annual General Meeting of 2018 which will take place on April 23, 2018.

Unofficial translation

At the minutes:

Approved:

Emma Adlerton

Anders Narvinger

Annika Boström

Joakim Sandström



Translation from the Swedish original

Auditor's opinion under Chapter 8 Section 54 of the Swedish Companies Act (2005:551) as to whether the guidelines of the annual general meeting on the remuneration of senior executives have been followed

To the annual general meeting of Alfa Laval AB (publ.), Corporate identity No 556587-8054

Introduction

We have audited whether the Board of Directors and the Chief Executive Officer of Alfa Laval AB (publ.) during the year 2016 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 23 April 2015 and the annual general meeting on 25 April 2016.

Responsibility of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the guidelines being followed and for the internal control that the Board of Directors and the Chief Executive Officer deem necessary to ensure that the guidelines are followed.

Responsibility of the auditor

Our responsibility is to issue an opinion, based on our audit, to the annual general meeting as to whether the guidelines have been followed. We have conducted the audit in accordance with FAR recommendation RevR 8 *Audit of remuneration of senior executives of listed companies*. This recommendation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the guidelines adopted by the annual general meeting are followed in all material aspects. The audit firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Alfa Laval AB accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The audit has covered the company's organization for and documentation of remuneration issues for senior executives, the new decisions on remuneration that have been taken and a selection of the payments made during the financial year to the senior executives. The auditor chooses what procedures are to be performed, in part by assessing the risk of the guidelines not being followed in all material aspects. In making those risk assessments, the auditor considers internal control relevant to compliance with the guidelines in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We believe that our audit provides a reasonable basis for our opinion set out below.

Opinion

We consider that the Board of Directors and Chief Executive Officer of Alfa Laval AB (publ.) during 2016 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 23 April 2015 and the annual general meeting on 25 April 2016.

Stockholm 3 mars 2017

Håkan Olsson Reising

Authorized Public Accountant

KPMG AB

Joakim Thilstedt

Authorized Public Accountant

KPMG AB

N.B. The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation the Swedish text shall prevail.

Item 15

The Board of Directors' proposal for resolution on guidelines for compensation to senior management

The Board of Directors of Alfa Laval AB (publ) proposes that the Annual General Meeting to be held on 26 April 2017 adopts a resolution in the form set out below regarding guidelines for compensation to senior management.

It was resolved to adopt the following guidelines for compensation to senior management:

1. Scope

The term senior management refers to the Managing Director and the group management. These guidelines apply to employment contracts for members of the senior management entered into following the adoption of these guidelines by the meeting, and to amendments to existing employment contracts for senior management made thereafter. The Board of Directors has the right to deviate from the guidelines if there are special circumstances for such deviation in an individual case. Special circumstances may, e.g., be that it must be possible to offer to members of the senior management who reside outside Sweden terms which are competitive in their country of residence.

2. The main principle and how compensation matters are prepared

The main principle for the guidelines is that Alfa Laval AB shall offer compensation on market terms so that the Company can attract and retain a competent senior management. The Board of Directors has established a Committee within the Board, with the tasks of preparing the guidelines for compensation for the senior management, which shall be resolved upon by the Annual General Meeting, as well as to propose to the Board of Directors remuneration and employment provisions for the Managing Director. The Board of Directors shall resolve on matters regarding remuneration and employment provisions for the Managing Director following preparation by the Remuneration Committee. The Committee shall resolve on matters regarding remuneration and employment provisions for senior management which reports directly to the Managing Director. The Committee shall continuously report to the Board of Directors.

3. Fixed compensation

The fixed salaries shall be revised annually and shall be based upon the competence and areas of responsibility of each individual.

4. Variable compensation

The variable compensation comprises (i) an individual annual variable compensation, and may also, as a supplement, include (ii) a long-term incentive program.

The individual annual variable compensation may be between 30 and 60 percent of the fixed compensation, depending on position. The outcome depends on the degree of fulfilment of, in particular, financial targets, and to a more limited extent also on qualitative targets.

(ii) The long-term incentive program directed to not more than 85 of the Company's top executives, including the senior management, is intended to be a supplement to the individual annual variable compensation. It is the Board of Directors' proposal to implement a long-term incentive program also in 2017, on terms similar to those of the current programs. The long-term incentive program for 2017 is, just as the long-term incentive programs for 2014, 2015 and 2016, a cash-based program connected to the Company's earnings per share, taking possible acquisitions of the Company's own shares into account. The long-term incentive program for 2017 will run for three years. The proposed program may generate up to a maximum of 75 percent in total of the participants' individual annual variable compensation over a period of three years. Payment to the participants of the program will be made after three years, provided, however, that they are still employees at that time.

The Board of Directors may consider to propose the General Meeting a share or share price-related program for the senior management.

5. Pension benefits

A detailed description of current pension schemes for the senior management is available in note 6 of the Annual Report for 2016.

Early retirement is offered selectively and only after a special decision by the Remuneration Committee. As from 2006, a premium based early retirement scheme with a premium of 15 percent of the pensionable income is offered.

For old age pension, in addition to the ITP benefits, a premium based scheme, with a premium of 30 percent of the pensionable income above 30 basic amounts is being offered since 2006. Members of the senior management also have a special family pension which fills the gap between the old-age pension and the family pension according to the ITP plan. In addition, they have the opportunity to allocate salary and bonus to a temporary old-age and family pension.

6. Non-monetary benefits

Members of the senior management have the right to normal non-monetary benefits, such as company car and healthcare benefits. In certain cases, Alfa Laval AB can also arrange for a residence provided by the Company.

7. Dismissal and severance pay

Should Alfa Laval AB dismiss a member of the senior management, the compensation during the notice period and the severance pay may be an amount corresponding to a maximum of two annual salaries.

8. Estimated costs for variable compensation

If all targets on which the variable remuneration is based on are reached and based on the present remuneration rates, the total cost for variable compensation to senior management, at maximum outcome of (i) individual annual variable compensation, and (ii) implemented long-term incentive programs, may during 2017 amount to a maximum of SEK 26,895,306 (exclusive of social security payments), whereof SEK 9,712,500 for Alfa Laval AB's Managing Director (also President). The estimate is based on the persons currently being

part of the senior management. The costs may change if the number of persons in the senior management is changed.

9. Remuneration resolved upon that is not due for payment

At the time of the Annual General Meeting on 26 April 2017, Alfa Laval AB has no unsettled obligations of compensation, except current obligations to senior management in accordance with the principles of compensation described in note 6 to the annual report for 2017.

The auditors' report, in accordance with Chapter 8, Section 54 of the Swedish Companies Act, regarding the compliance with the Annual General Meeting's principles for compensation to senior management is attached to this proposal and will also be available at the Annual General Meeting.

The Board of Directors' account of the result of the Remuneration Committee's evaluation in accordance with section 10.3 of the Swedish Corporate Governance Code is attached to this proposal and will also be available at the Annual General Meeting.
