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Introduction by the Chairman of the Board

Corporate governance encompasses the set of processes, laws and regulations that impact a company's management, administration and internal control, as well as the relationships between the numerous stakeholders involved, the division of responsibility within the organization and the company's goals and objectives. Stakeholders may include shareholders, management, the Board of Directors, employees, customers, creditors, suppliers, government authorities and society as a whole. Sound corporate governance combined with transparency enables these stakeholders to assess whether the company is being governed in a rational manner in compliance with relevant laws and regulations, and to ensure that the administration of the company takes the best interests of its shareholders into consideration.

At Alfa Laval, we have tried to go one step further by basing the company's corporate governance on our four Business Principles, which were established in 2003. The aim of these principles is to continuously improve Alfa Laval's social, environmental and ethical behavior, as well as its transparency. The Business Principles are based on the OECD Guidelines for Multi-National Enterprises and the UN Global Compact, which in many instances are more ambitious than the minimal legal requirements. We also have several long-standing policies that specify how the various activities that take place within our business operations are to be managed. To further clarify these policies, we have implemented Group-wide instructions, which are available on the company's intranet. These instructions were compiled to enable the Group to follow up on the implementation of – and compliance with – various regulations, which takes place in the form of an annual review during which all managers are responsible for evaluating and implementing any instructions that are relevant to their individual areas.

Since the shareholders have delegated responsibility for the management of the company to us, the goal of this report is to demonstrate that the company's operations are characterized by rigorous governance and control. The report also describes the actions and interaction of various bodies, as well as the structures in place to ensure sound corporate governance. These areas are highly prioritized, as are our efforts to ensure that our communication is transparent, thereby enabling our various stakeholders to form an opinion of Alfa Laval.

During 2013, the work of the Board focused on a number of areas, such as acquisitions, ongoing financial and operational performance, and other areas considered critical to our long-term success. These areas included the Service operations, the construction of a testing center in Aalborg, Denmark, and the development of the Group's offering for the oil and gas sector. Driven by the link between the latter and trends in the US, the Board visited Alfa Laval's US headquarters in Richmond, Virginia. While there, we were able to further improve our understanding of Alfa Laval's offering and the Group's potential in the country, which the company should strive to capitalize on. Work on our environmental policy continued, with an ongoing focus on less resource-intensive products, energy and water-efficient production processes, and reducing the amount of restricted "grey-list" chemicals used in our operations. Other prioritized areas included our environmental management system and reporting, as well as the challenges encountered during the process of integrating acquired units into our established environmental initiatives. Last but not least, we continued to implement our Business Principles in order to ensure that Alfa Laval is governed in a long-term sustainable manner that takes the interests of the company's shareholders to heart.

Lund, February 2014

Anders Narvinger
Chairman of the Board



Corporate Governance Report 2013

This report is intended to provide various stakeholders with a foundation on which to base their view of Alfa Laval and its governance. It describes the regulations, guidelines, legislation and policies to which Alfa Laval is subject, the division of responsibility within the company and the actions and interaction of the Group's three decision-making bodies – the Annual General Meeting, the Board of Directors and the President.

Alfa Laval is to be governed in a manner that is sustainable from a long-term perspective taking its shareholders, employees, customers, suppliers and other stakeholders into consideration. This requires clear goals, guidelines and strategies, as well as business principles that are continuously put into practice rather than just being pretty words.

Introduction to Alfa Laval
Vision

To “help create better everyday conditions for people” by offering efficient and environmentally responsible products and solutions in the three key technologies of heat transfer, separation and fluid handling.

Business concept

Based on its three key technologies, Alfa Laval offers products and solutions that “optimize the performance of customers’ processes, time and time again.” In reality, this involves helping customers become more productive, energy-efficient and competitive.

Financial goals

Alfa Laval is a result-oriented company with clear financial goals. Its operations are governed not only by its business concept, but also by the financial goals established

with regard to growth, profitability and return. By achieving or even exceeding these goals, Alfa Laval creates the necessary scope for its continued development in line with its strategic priorities. A favorable result also generates value for the Group's shareholders in the form of an annual dividend and by boosting the value of the company.

Strategy

In order to achieve its vision, fulfill its business concept and attain its financial goals, Alfa Laval has established a number of strategic priorities. These include strategies for expanding the Group's product offering and market presence – mainly organically, but also through acquisitions – as well as strategies for increased efficiency. Read more on pages 12–15.

Focus on the journey, not only the destination

Equally as important as achieving goals and fulfilling the Group's business concept are the actions of the company and its employees along the way. As a public company, Alfa Laval's corporate governance is subject to a number of laws and regulations, the most important of which include the Swedish Companies Act, the Swedish Annual Accounts Act, the rules of the stock exchange and the Swedish

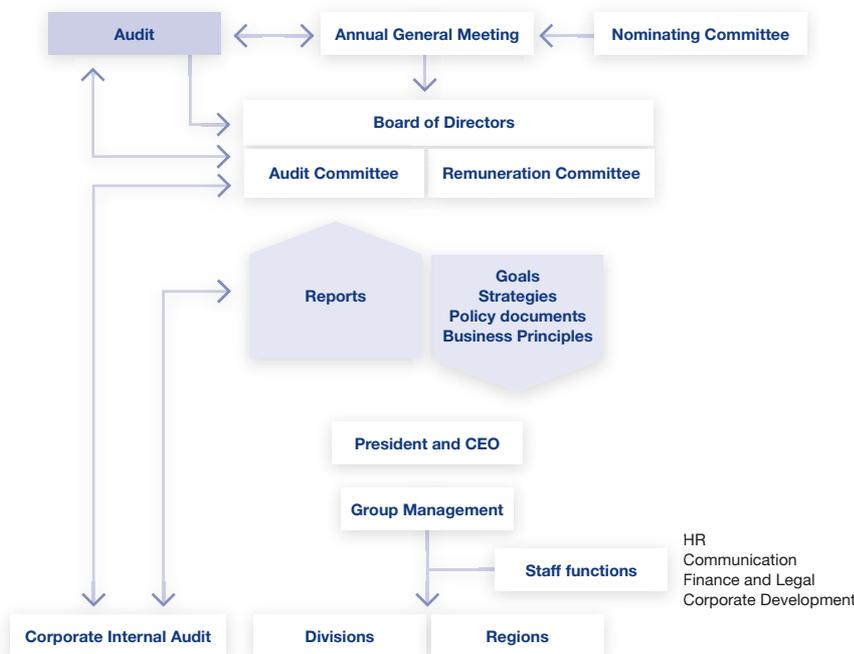
Corporate Governance Code (the “Code”). Alfa Laval also follows a number of internal regulations, including governing documents, such as guidelines and instructions, as well as procedures for control and risk management. The work of the Board and the President is governed by formal work plans.

In addition to these regulations, Alfa Laval has established four Business Principles that reflect the company's ambitions in terms of the actions and interaction of the company and its employees with respect to the environment, human rights, ethics and transparency. All Alfa Laval employees are expected to be familiar with these principles and use them as a basis for their own actions. A brief description of the four Business Principles is provided below. The full principles can be downloaded at www.alfalaval.com.

- *Optimising the use of natural resources is our business*
- *Respect for human rights is fundamental*
- *High ethical standards guide our conduct*
- *Our commitment to open dialogue builds trust*

Alfa Laval's Corporate Governance Report for 2013 has been reviewed by the company's auditors.

Corporate governance



Alfa Laval – the company

The registered name of the company is Alfa Laval AB (publ) and the registered office of the Board of Directors shall be in Lund Municipality in Sweden. The company's share capital shall amount to not less than SEK 745,000,000 and not more than SEK 2,980,000,000. The number of shares shall be not less than 298,000,000 and not more than 1,192,000,000. The fiscal year is the calendar year. The objective 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. The Articles of Association do not include any limitations regarding the number of votes a shareholder can cast at an Annual General Meeting. Nor does it include any specific rules regarding the appointment and dismissal of Board members or changes in the Articles of Association.

The currently prevailing Articles of Association were adopted at the Annual General Meeting on April 20, 2009 and are available in their entirety on Alfa Laval's website:
www.alfalaval.com

Share and ownership structure

At December 31, 2013, Alfa Laval had 419,456,315 shares outstanding, allocated among 36,212 shareholders according to Euroclear Sweden's shareholders' register. Each share corresponds to one vote. Tetra Laval was the largest owner, with 26.1 percent of the shares in Alfa Laval at year-end, and the only owner with a stake larger than 10 percent. The second largest owner was Swedbank Robur Fonder with 6.4 percent, followed by Alecta Pensionsförsäkring with a holding of 6.3 percent. Legal entities accounted for about 94 percent of holdings, while individuals accounted for the remainder. From a geographic perspective, the following countries were represented by the five largest shareholders: Sweden, the Netherlands, the UK, the US and Luxembourg. For more information about Alfa Laval's share and ownership structure, refer to the Share section on pages 16 and 17.

Annual General Meeting

The Annual General Meeting is Alfa Laval's highest decision-making body in which all shareholders are entitled to participate and each share entitles its holder to one vote. The majority of proposals addressed at the Annual General Meeting are decided by a simple majority. However, certain points require a qualified majority; these include resolutions to amend the company's Articles of Association or resolutions to buy back shares. The Annual General Meeting is to be held annually within six months of the close of the fiscal year in either Lund or Stockholm. Normally, the Annual General Meeting takes place in late April or early May in Lund. The date and location is announced by the publication date for the interim report for the third quarter, the latest.

To be entitled to participate and vote in the Annual General Meeting, shareholders must be registered in the shareholders' register maintained by Euroclear Sweden AB. Any shareholder who is unable to attend in person, may participate through a proxy with a power of attorney. Shareholders with nominee-registered shares must have the shares temporarily registered under their own name. The Annual General Meeting is held in Swedish and all documentation is available in Swedish

and English. Alfa Laval endeavors to ensure that all Board members participate, as well as, in so far as it is possible, all members of the Group management. The company's auditors are always present.

Annual General Meeting for the 2012 fiscal year

The Annual General Meeting for the 2012 fiscal year was held at Färs och Frosta Sparbank Arena in Lund on April 23, 2013. The Annual General Meeting was attended by 414 people, including shareholders, proxies, assistants, guests and officials – representing 59.9 percent of the total number of shares and votes. Both of the company's external auditors attended, as did all Board members elected by the Annual General Meeting. Chairman of the Board Anders Narvinger was elected as the Meeting Chairman. The resolutions passed at the Annual General Meeting included the following:

- The Annual General Meeting adopted the income statement and balance sheet and resolved that the Board of Directors and President be discharged from liability.
- The Annual General Meeting resolved in accordance with the Board's motion that a dividend of SEK 3.50 per share be paid for the 2012 fiscal year.
- A resolution was passed to authorize the Board, on one or more occasions before the next Annual General Meeting, to repurchase a maximum of 5 percent of the company's shares outstanding to enable the Board to adjust the capital structure of the company during the period leading up to the next Annual General Meeting. The Board intends to propose that the next Annual General Meeting resolve to cancel those shares bought back under this authorization.
- A resolution was passed that the number of Board members elected by the Annual General Meeting should amount to nine, with no deputies.
- A resolution was passed to re-elect Board members Gunilla Berg, Arne Frank, Björn

Hägglund, Anders Narvinger, Finn Rausing, Jörn Rausing, Lars Renström and Ulla Litzén, and to elect Ulf Wiinberg as a new Board member. In addition, a resolution was passed in favor of the Nominating Committee's proposal for auditors. Authorized public accountants Staffan Landén and Håkan Olsson Reising were re-elected for the coming year. In addition, auditors Johan Thuresson and Karoline Tedevall were re-elected as deputy auditors for the company.

- A resolution was passed that fees paid to non-executive directors on the Board shall amount to SEK 4,395,000, compared with SEK 3,850,000 in the preceding year when the number of non-executive directors was seven. In addition, fees are payable for work on the Board's committees.
- A resolution was passed accepting the Board's motion for remuneration principles for senior executives. These principles comprise fixed remuneration and short-term and long-term programs for variable remuneration.

Nominating Committee

Work of the Nominating Committee

The Nominating Committee prepares and submits proposals regarding candidates for Board members and, if applicable, auditors. The supporting documentation utilized by the Nominating Committee for its work includes the annual evaluation of the work of the Board, which is initiated by the Chairman of the Board. Other key factors to be considered, against the background of the company's strategy, include the type of competence required. The Nominating Committee can call upon the assistance of external resources in its search for suitable candidates and can also conduct interviews with individual Board members. Its duties also comprise the submission of motions in respect of remuneration to the Board and members of the Board committees.

Composition

The composition of the Nominating Committee is determined in accordance with the process approved by the Annual

Composition of the Nominating Committee for the 2014 Annual General Meeting

Name	Representing	Shareholding in Alfa Laval, %*
Finn Rausing	Tetra Laval	26.10
Jan Andersson	Swedbank Robur Fonder	6.55
Ramsay Brufer	Alecta	6.43
Claes Dahlbäck	Foundation Asset Management	5.98
Lars-Åke Bokenberger	AMF Pension	3.26

* As of September 30, 2013.

Proposals to the Nominating Committee

Shareholders wishing to submit proposals to the Nominating Committee prior to the Annual General Meeting may contact Alfa Laval's Board Chairman Anders Narvinger, or one of the owner representatives.

Contact may also take place directly via e-mail at valberedningen@alfalaval.com

General Meeting. In practice, this means that Alfa Laval's Chairman of the Board contacts representatives of the company's largest shareholders at the end of the third quarter and requests that they each appoint one member of the Nominating Committee. The Nominating Committee may then decide whether or not to include the Chairman of the Board or other Board members. Once the composition of the Nominating Committee has been established, an announcement is made in a press release, the third-quarter interim report and on Alfa Laval's website. Ahead of the 2014 Annual General Meeting, the composition of the Nominating Committee was announced on October 15, 2013 and in Alfa Laval's third-quarter interim report, which was published on October 29.

Ahead of the 2014 Annual General Meeting

The following individuals comprise the Nominating Committee for the 2014 Annual General Meeting: Finn Rausing (appointed by Tetra Laval,) Jan Andersson (appointed by Swedbank Robur Fonder), Ramsay Brufer (appointed by Alecta), Claes Dahlbäck (appointed by Foundation Asset Management) and Lars-Åke Bokenberger (appointed by AMF Pension).

The holdings of the Nominating Committee represented 48.32 percent of the number of shares outstanding at September 30, 2013. The Chairman of the Board Anders Narvinger was elected as member and secretary, and Finn Rausing was elected as Chairman of the Nominating Committee. Due to Finn Rausing's position as a Board member, his role as Chairman is considered a deviation from the Code. The reason for this deviation is that the Nominating Committee deemed

Finn Rausing to be particularly well-suited to lead the work of the Committee in an effective manner and obtain the best possible results for the company's owners.

Work of the Nominating Committee ahead of the 2014 Annual General Meeting

The Nominating Committee held two meetings ahead of the 2014 Annual General Meeting and conducted a number of discussions by phone and e-mail. The focus of the Committee's meetings included an assessment of the potential future competence requirements of the Board. The Nominating Committee also discussed the motion to the Annual General Meeting concerning the election of the company's auditors.

Board of Directors

Work and responsibilities

The Board bears the ultimate responsibility for the organization and administration of the company. Its work and responsibilities are governed by the Swedish Companies Act, the Swedish Board Representation (Private Sector Employees) Act, the Articles of Association, the Board's own formal work plan, NASDAQ's Rule Book for Issuers and the Swedish Corporate Governance Code. The Board prepares and evaluates Alfa Laval's overall long-term objectives and strategies, which includes establishing business and financial plans, reviewing and approving financial statements, adopting guidelines, making decisions on issues relating to acquisitions and divestments, and deciding on major investments and significant changes to Alfa Laval's organization and operations. The Board also establishes the instructions for the President with respect to the Group's

daily operations and, through the Audit Committee, procures auditing services and maintains ongoing contact with the company's auditors. In addition, the Board works to ensure that the company has a sound internal control function and formalized procedures. The Board also appoints the President and, through the Remuneration Committee, determines salaries and remuneration for the President and senior executives.

Composition

The Board of Directors is to comprise a minimum of four and maximum of ten members, with a maximum of four deputy members. At present, the Board comprises nine members and no deputies. The members are elected annually for the period until the conclusion of the next Annual General Meeting and are obligated to dedicate the requisite time and diligence to the assignment, as well as have the necessary knowledge to best look after the interests of the company and its owners. In addition, the trade-union organizations appoint three employee representatives and three deputy employee representatives. Salaried employees in the company are invited to Board meetings as presenters and experts. The company's Chief Financial Officer participates in all meetings and Alfa Laval's Chief Legal Counsel serves as Board Secretary.

Independence of Board members

All members of the Alfa Laval Board elected by the Annual General Meeting are considered independent of the company, except Lars Renström, who is President and CEO of the company. All members are also considered independent of the company's major shareholders, except Finn Rausing and Jörn Rausing,

Remuneration of Board members and attendance at Board and committee meetings

Name	Board		Remuneration Committee		Audit Committee	
	Present	Remuneration	Present	Remuneration	Present	Remuneration
Appointed by the Annual General Meeting						
Anders Narvinger	● 11	1,175,000	● 3	50,000		
Gunilla Berg	9	460,000			5	100,000
Arne Frank	10	460,000				
Björn Hägglund	11	460,000	3	50,000		
Ulla Litzén	11	460,000			5	100,000
Finn Rausing	10	460,000			● 5	150,000
Jörn Rausing	11	460,000	3	50,000		
Lars Renström	11					
Ulf Wiinberg	7	460,000				
Total		4,395,000		150,000		350,000
Employee representatives						
Jan Nilsson	11					
Susanna Norrby	8					
Bror Garcia Lantz	11					
Number of meetings	11		3		5	



who cannot be considered independent due to their relation to Tetra Laval, which, on December 31, 2013, owned 26.1 percent of the shares in the company.

The Board's formal work plan

The work of the Board is governed by a formal work plan that is determined annually at the statutory meeting held immediately after the Annual General Meeting. This formal work plan describes the Board's work assignments and the division of responsibility between the Board, the committees and the President. It also defines the role of the Chairman of the Board and includes a separate instruction for the company's President regarding the financial reporting to be submitted to the Board to enable ongoing assessment of the financial position.

Work of the Board in 2013

A total of 11 Board meetings were held in 2013, eight of which were scheduled meetings. Four meetings were held by phone and the

other meetings were held in Lund, Stockholm, Malmö and Richmond (USA).

The normal agenda items addressed at Board meetings include earnings results, order trends, investments and acquisitions. The company's President prepares an agenda for each meeting in consultation with the Chairman of the Board. Board members who wish to discuss a particular matter must inform the Chairman of the Board well in advance, so that the requisite material on which to base decisions can be prepared. Notices of meetings, including the meeting agenda and the requisite information or documentation on which to base decisions, must reach the Board members not later than one week prior to the date of the meeting. Board decisions are made based on open discussions led by the Chairman.

Board training

All new Board members receive an extensive introduction program. In addition, each year, a combined training course and field trip

takes place at one of Alfa Laval's facilities. In 2013, the trip had as its destination Alfa Laval's facility in Richmond, Virginia in the US.

Evaluation of the Board's work

The Chairman of the Board ensures that an annual evaluation is conducted of the work of the Board. This is carried out through open discussions and interviews with the individual members. The evaluation focuses on the Board's work methods, its work climate and its access to and need for particular Board competence. The goal is to ensure a well-functioning Board. The evaluation forms part of the supporting documentation for the Nominating Committee when nominating Board members and proposing remuneration levels.

Responsibilities of the Chairman of the Board

The Chairman of the Board directs the work of the Board in a manner that ensures it complies with the Swedish Companies Act, the Articles of Association, the formal work

plan of the Board and the Code. In addition, the Chairman must ensure that the work is well organized and conducted efficiently, so that the Board fulfills its tasks. In dialog with the company's President, the Chairman monitors operational developments and is responsible for ensuring that the other members continuously receive all information necessary for the work of the Board to be performed in the most effective manner. The Chairman is responsible for evaluating the Board's work, participates in evaluation and development matters with respect to the Group's senior executives and ensures that the Board's decisions are executed. The Chairman also represents the company in ownership issues.

Remuneration to the Board

Remuneration to the Board is determined by the Annual General Meeting based on the motions submitted by the Nominating Committee. The Chairman and members of the Audit Committee and the Remuneration Committee receive supplementary remuneration. No Board member is entitled to pension payments from the company.

Committees

Alfa Laval's Articles of Association stipulate that there must be a Remuneration Committee and an Audit Committee that report to the Board. Committee members are appointed from among the Board members for a period of one year.

Audit Committee

Areas of responsibility

Among other duties, the Audit Committee is tasked with ensuring 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 also examines the procedures for reporting and financial controls, as well as the work qualifications and independence of the external auditors. For further information regarding the responsibilities of the Audit Committee, refer to "The Board of Directors' report on internal control" on page 57.

Members and meetings in 2013

Members are appointed annually at the Board's statutory meeting. In 2013, the Committee comprised Finn Rausing (Chairman), Gunilla Berg and Ulla Litzén. Alfa Laval's Chief Legal Counsel served as the Committee's secretary. Five meetings were held in 2013, two of which were conducted by phone. The meetings lasted an average of approximately two hours. The company's Chief Financial Officer, the Head of the Internal Audit Function and the

company's auditors were also present at the meetings. During the year, the following items were dealt with at the Committee meetings: review of the procedures for corporate governance, review and follow-up of the results of the current annual feedback from approximately 200 managers regarding controls, updates regarding new IFRS developments, amendments to the Code and a review of Group provisions and allocations.

Remuneration Committee

Areas of responsibility

The Remuneration Committee is involved in recruitment, appointments, and matters pertaining to other conditions of employment relating to the President or members of Group management. The Committee's assignment is to prepare the guidelines for remuneration to senior executives to be resolved on by the Annual General Meeting and to submit proposals to the Board of Directors regarding salary and employment terms for the President. In addition, the Committee addresses matters on behalf of the Board regarding salary and employment terms for senior executives who report directly to the President.

Members and meetings in 2013

The Remuneration Committee is appointed annually at the Board's statutory meeting. In 2013, the Committee comprised Anders Narvinger (Chairman), Jörn Rausing and Björn Häggglund. The Remuneration Committee held three meetings, which were attended by all members. A number of phone meetings were also held to address ongoing issues. Separate minutes are taken at all meetings and the contents are distributed to the Board members, except in certain cases when the minutes are noted directly in the corresponding Board minutes. The meetings of the Remuneration Committee included a review and follow-up of the guidelines for remuneration to senior executives, other Group guidelines and international issues pertaining to this area, as well as personnel issues related to the integration of acquired companies. The Committee also reviewed the Group's management development and terms of employment for Group management, as well as addressing the conditions of the Group's incentive program.

The company's auditors

The auditors comprise a supervisory body appointed by the Annual General Meeting. Their assignment includes the following: 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 and evaluating the overall presentation in the Annual Report. The result of the audit – the Audit Report – is communicated to shareholders in the Annual Report and at the Annual General Meeting. In addition, the auditors present a statement regarding the discharge from liability of the Board of Directors, a statement regarding the adoption of the income statement and balance sheet by the Annual General Meeting and a statement regarding the Corporate Governance Report. The Group must have a minimum of one and maximum of two auditors, with not more than two deputy auditors. An authorized public accountant or registered auditing firm is to be appointed as the company's auditor and, where applicable, as deputy auditor.

At the Annual General Meeting on April 23, 2013, authorized public accountants Staffan Landén and Håkan Olsson Reising were re-elected as the company's auditors. In addition, auditors Johan Thuresson and Karoline Tedeval were appointed as the company's deputy auditors. During the year, Håkan Olsson Reising resigned from his appointment prematurely since he was leaving his position at Ernst & Young AB. Deputy auditor Johan Thuresson took over Håkan Olsson Reising's position as the company's auditor.

According to Alfa Laval's assessment, none of these auditors has any relationship to Alfa Laval, or any company related to Alfa Laval, that could affect their independent status in relation to the company. In 2013, the entire Board received reports from the company's external auditors on two occasions. On one occasion, this occurred without the presence of the President or other members of Group management. The Board's Audit Committee received separate reports from the company's external auditors on four occasions.

Remuneration to auditors

(Refer to Note 7 on page 109.)

Board of Directors and Auditors



Elected by the Annual General Meeting

①

Anders Narvinger *Chairman since 2003.*

Born: 1948.
Formerly President of Teknikföretagen and formerly President and CEO of ABB Sweden.
Education: BSc. Eng. from the Faculty of Engineering at Lund University, BSc. Econ from Uppsala University.
Chairman of the Board: Coor Service Management AB and Capio AB.
Board member of JM AB, ÅF AB and Pernod Ricard SA.
Independent of company and major shareholders.
Number of shares in Alfa Laval: 40,000* (40,000**).

②

Gunilla Berg *Board member since 2004.*

Born: 1960.
Executive Vice President and CFO of the Teracon Group. Former positions include Executive Vice President and CFO of the SAS Group and Executive Vice President and CFO of the KF Group.
Education: BSc. Econ from the Stockholm School of Economics.
Board member of L E Lundbergföretagen AB and Vattenfall AB.
Independent of company and major shareholders.
Number of shares in Alfa Laval: 3,400* (3,400**).

③

Björn Hägglund *Board member since 2005.*

Born: 1945.
Former positions include Deputy CEO of Stora Enso.
Education: PhD (For.)
Chairman of the Board of SweTree Technologies.
Board member of, among others, Bergvik Skog AB, the Knut and Alice Wallenberg Foundation, the UN Global Compact and AB Karl Hedin.
Independent of company and major shareholders.
Number of shares in Alfa Laval: 12,000* (12,000**).

④

Ulla Litzén *Board member since 2006.*

Born: 1956.
Former positions include President of W Capital Management and various executive positions at Investor.
Education: BSc. Econ from the Stockholm School of Economics, MBA from the Massachusetts Institute of Technology.
Board member of, among others, Atlas Copco AB, Boliden AB, Husqvarna AB, NCC AB and SKF AB.
Independent of company and major shareholders.
Number of shares in Alfa Laval: 15,600* (15,600**).

⑤

Finn Rausing *Board member since 2000.*

Born: 1955.
Education: B.L., MBA from INSEAD.
Board member of Tetra Laval Group, De Laval Holding AB, EQT Holdings AB and Swede Ship Marine AB.
Independent of company.

⑥

Ulf Wiinberg *Board member since 2013.*

Born: 1958.
President and CEO of H. Lundbeck A/S. Formerly director of Wyeth Pharmaceuticals, EMEA/Canada & BioPharma, and a number of other senior positions in Wyeth.
Board member of the European Federation of Pharmaceutical Industries and Associations (EFPIA), the International Federation of Pharmaceutical Manufacturer Associations (IFPMA) and the Industrial Policy Committee of the Confederation of Danish Industry.
Independent of company and major shareholders.

⑦

Lars Renström *Board member since 2005.*

Born: 1951.
President and CEO of Alfa Laval.
Education: BSc. Eng., BSc. Econ.
Chairman of the Board of ASSA ABLOY AB.
Board member of Tetra Laval Group.
Independent of major shareholders.
Number of shares in Alfa Laval: 40,400* (40,400**).

⑧

Arne Frank *Board member since 2010.*

Born: 1958
President and CEO of AarhusKarlshavn AB.
Education: BSc. Eng. in industrial economics from Linköping Institute of Technology.
Chairman of the Board of Context Holding A/S
Independent of the company and major shareholders.
Number of shares in Alfa Laval: 16,000* (16,000**).

⑨

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 of the Tetra Laval Group, Ocado Ltd. and De Laval Holding AB.
Independent of company.

Employee representatives

⑩

Jan Nilsson *Employee representative since 2000.*

Born: 1952.
Employed by Alfa Laval since 1974. Employee representative for the Swedish Metal Workers' Union (IF Metall).

⑪

Susanna Norrby *Employee representative since 2003.*

Born: 1967.
Employed by Alfa Laval since 1992.
Employee representative for the Swedish Association of Graduate Engineers (CF).
Number of shares in Alfa Laval: 5,000* (5,000**).

⑫

Bror Garcia 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).

Deputy employee representatives

Henrik Nielsen *Deputy member since 2008.*

Born: 1968.
Employed by Alfa Laval since 1994.
Deputy employee representative for the Swedish Metal Workers' Union (IF Metall).

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).

Auditors

Staffan Landén *Authorized Public Accountant, Ernst & Young AB.*

Born: 1963.
Auditor for Alfa Laval since 2008. Elected auditor at 2008 Annual General Meeting. Staffan Landén has extensive experience in auditing exchange-listed and internationally active companies. Among other assignments, he is auditor for Capio AB, Papyrus AB, Academedia AB, Rederi AB Transatlantic and Lindab International AB.

Håkan Olsson Reising *Authorized Public Accountant, Ernst & Young AB.*

Born: 1961.
Deputy auditor at Alfa Laval from 2000–2011. Elected auditor at 2012 Annual General Meeting. Håkan Olsson Reising has extensive experience in auditing exchange-listed and internationally active companies.

Stepped down at his own request on July 17, 2013.

Deputy auditors

Johan Thuresson *Authorized Public Accountant, Ernst & Young AB.*

Born: 1964
Deputy auditor for Alfa Laval since 2012.

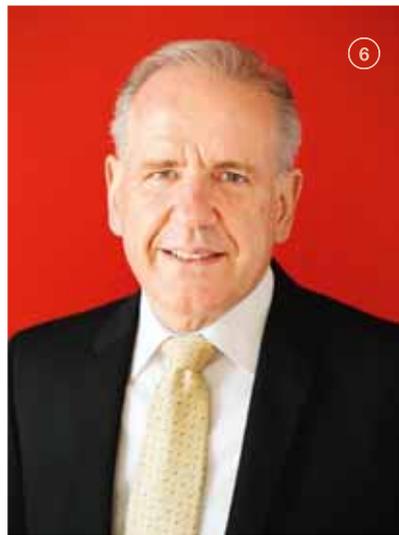
Karoline Tedevall *Authorized Public Accountant, Ernst & Young AB.*

Born: 1978
Deputy auditor for Alfa Laval since 2012.

* Holdings as of December 31, 2013.

** Holdings as of December 31, 2012.

President and Group management



①

Lars Renström*President and CEO.***Born:** 1951.

CEO since October 1, 2004. Former positions include President and CEO of Seco Tools AB, Division Manager at Ericsson AB and Atlas Copco AB.

Chairman of the Board of ASSA ABLOY AB**Board member** of Tetra Laval Group.**Education:** BSc. Eng., BSc. Econ.**Number of shares in Alfa Laval:** 40,400* (40,400**).

②

Joakim Vilson*Executive Vice President in charge of the Central and Eastern Europe, Latin America, Middle East and Africa Region.***Born:** 1965.

Employed by Alfa Laval since 1990.

Regional manager since January 1, 2013. Previous positions include head of the Mid Europe Region and the Process Industry segment.

Education: BSc. Eng.**Number of shares:** 6,520* (0**).

③

Peter Torstensson*Senior Vice President, Corporate Communications.***Born:** 1955.

Employed by Alfa Laval since 1999.

Senior Vice President, Corporate Communications since 1999.

Formerly held such positions as President of Borstahusen Informationsdesign.

Number of shares in Alfa Laval: 66,000* (76,000**).

④

Thomas Thuresson*Chief Financial Officer.***Born:** 1957.

Employed by Alfa Laval since 1988.

CFO since 1995. Former assignments include Controller of the Flow business area and Group Controller of the Alfa Laval Group.

Board member of PartnerTech AB.**Education:** BSc. Econ., IMD (BPSE).**Number of shares in Alfa Laval:** 130,720* (130,800**).

⑤

Susanne Pahlén Åklundh*President, Equipment Division.***Born:** 1960.

Employed by Alfa Laval since 1983.

President of the Equipment Division since 2009. Previously responsible for the Mid Europe and Nordic Regions and the Process Industry segment.

Board member of Nederman AB.**Education:** MSc. Eng.**Number of shares in Alfa Laval:** 756* (756**).

⑥

Ray Field*Executive Vice President in charge of the Asia, India and Oceania Region.***Born:** 1954.

Employed by Alfa Laval since 1985.

Regional manager since September 1, 2004. Prior to this, he served as President of Alfa Laval China for more than ten years.

Education: BSc. Eng.**Number of shares in Alfa Laval:** 54,588* (54,588**).

⑦

Nish Patel*Executive Vice President in charge of the Western Europe and North America Region.***Born:** 1962.

Employed by Alfa Laval since 1984.

Regional manager since 2011. Prior to this, he served as head of India and the UK.

Education: BSc. Eng.**Number of shares in Alfa Laval:** 47,552* (47,552**).

⑧

Göran Mathiasson*President, Operations Division.***Born:** 1953.

Employed by Alfa Laval since 1979.

President of the Operations Division since April 2003.

Previously in charge of Alfa Laval Manufacturing and Thermal Technology, including research and development, production development, system development and purchasing.

Board member of Heatex AB.**Education:** BSc. Eng.**Number of shares in Alfa Laval:** 6,588* (6,588**).

⑨

Svante Karlsson*President, Process Technology Division.***Born:** 1955.

Employed by Alfa Laval since 1984.

Former President of the Equipment Division, head of the Thermal business area and President of Marine & Power.

Education: BSc. Econ.**Number of shares in Alfa Laval:** 62,744* (72,744**).

⑩

Peter Leifland*President, Marine & Diesel Division.***Born:** 1954.

Employed by Alfa Laval since 1985.

President of the Marine & Diesel Division since 2011. Formerly regional manager in charge of the Western Europe and North America Region 2004-2011, the Asia and Latin America Region 2001-2004 and the Eastern Europe and Latin America Region 1999-2001.

Education: B.L., lic.spec. IMD (PED).**Number of shares in Alfa Laval:** 430,000* (460,000**).

⑪

Peter Bailliere*Senior Vice President, Human Resources.***Born:** 1963.

Employed by Alfa Laval since 2007.

Senior Vice President, Human Resources since July 1, 2007. Many years of experience at Volvo Cars, most recently as Head of Group Human Resources.

Education: Master of Sociology, Bachelor in Fiscal Law.

* Holdings as of December 31, 2013.

** Holdings as of December 31, 2012.

Areas of responsibility

The President directs the daily operations and is responsible for ensuring that the Board receives information and the necessary supporting documentation for its decision-making purposes. The President is also responsible for ensuring that the company's accounting complies with applicable laws and provisions. In support of sound corporate governance and to ensure that the company's actions follow the requisite ethical guidelines, Alfa Laval also has a number of Business Principles.

The President has the support of the Group management, to which responsibilities and authority are delegated. The members of the Group management are responsible for their respective areas of operation, which comprise divisions or geographic regions,

and collectively for the Group as a whole. Group management comprises the CEO and those individuals who, on the CEO's recommendation, have been appointed by the Board.

Group management meetings in 2013

The Group management held six meetings in 2013, during which minutes were taken. In addition, quarterly reviews are held of all business developments in the company's divisions and geographic regions, which address such items as the business climate, earnings, earnings projections for the next 12 months and other specific issues affecting the respective business areas. In addition, separate strategy meetings were held that addressed the following areas: the management's proposals concerning future direction with regard to organic growth and growth

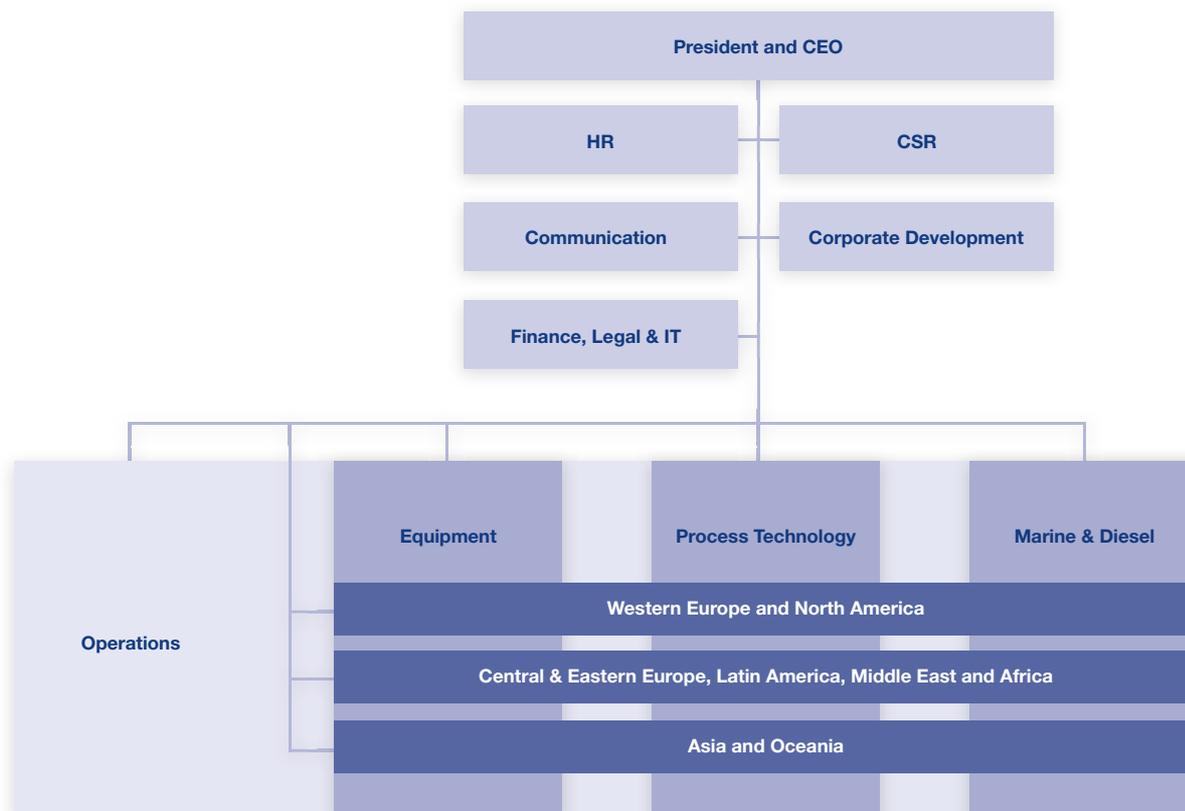
through acquisition. The strategic review focused on risks and opportunities in individual segments, application areas and geographic regions, in addition, it contained a review of the consequences of the above on the company's supply chain. Furthermore, a review was performed of the direction for acquisitions with regard to product, technology, channel and location.

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

The remuneration principles for the President and other members of Group management are determined by the Annual General Meeting. For additional information, see pages 107–109.

Business control

Alfa Laval's business control model comprises a matrix in which the Group's divisions and segments 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.



Board of Directors' report on internal control

The Board is responsible for ensuring that a sound internal control function is in place to safeguard the company's assets and thus the shareholders' investments. The internal control function must ensure the reliability of Alfa Laval's financial reporting, its compliance with legislation, regulations, applicable accounting policies as well as the company's Business Principles. In turn, the communication of financial information and reporting must be correct, relevant, objective and transparent and be performed simultaneously, to thereby facilitate assessment of the company by its owners and external parties with an interest in the company.

Control environment

The control environment includes the internal governance instruments set by the Board. A number of policy documents are utilized as governance instruments in the company's daily operations. These are tested annually as well as reviewed and updated on an ongoing basis and encompass such instruments as the Board's formal work plan, the President's instructions, reporting instructions, the company's finance policy, its Business Principles, investment policies and communication policy.

The Board is responsible for ensuring that the company's organizational structure is logical and transparent, with clearly defined roles, responsibilities and processes. In addition, clear processes and formal work plans covering the work of the Board and its committees are in place, with a clear internal distribution of tasks.

The Board has overriding responsibility for financial reporting and, accordingly, must 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.

The Board's Audit Committee is tasked with ensuring compliance with the principles for financial reporting and internal control. It follows up the effectiveness of the internal control system and reviews the financial procedures to ensure that the financial information can be traced back to underlying financial systems and that it is in line with legislation and relevant standards. It also examines procedures for reporting and financial controls, as well as addressing the company's financial reports. The Committee monitors, evaluates and discusses significant issues in the areas of accounting and financial reporting. It evaluates and manages information pertaining to disputes

and potential improprieties, as well as assisting management with identifying and evaluating the primary risks that are relevant to the operations in order to ensure that management focuses on managing these risks. The Audit Committee has the right to determine the focus of the internal audit and examines the work of the external auditors, their qualifications and independence. Reports are provided to the Board regarding internal committee meetings and meetings with the internal auditors, the external auditors and various specialists in Group management and its support functions.

The President is subject to instructions issued by the Board and is responsible for ensuring the existence of an effective control environment. The President is also responsible for the ongoing work pertaining to internal control and for ensuring that the company's accounting complies with legislation and that the management of assets is adequately performed.

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.

The internal auditors report to the CFO and comprise the function that reviews and implements improvements to the internal control function, reports these results to the Audit Committee and proposes 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 ensure that specific

actions are taken following the internal audit. These are based on a schedule agreed on with the party responsible for the individual activities. The internal audit function comprises two internal auditors, supplemented by internal specialist resources and auditors from the auditing company KPMG. In 2013, 30 internal audits were performed. These encompassed a broad spectrum of functions and areas of inquiry. The scope was determined by the Board and involved examining such aspects as:

- 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.
- opportunities to improve management control, the company's profitability and the organization, which may be identified during audits.

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, forecasts and acquisition activities, as well as processes for identifying amendments to the accounting policies to ensure that these amendments are accurately reflected in the financial reporting.

Control structures

The control structures are designed to manage those risks that the Board and management consider to be significant to the business

operations, internal control and financial reporting. The control structures comprise (i) an organization with clearly defined roles that enables an effective, and from an internal control perspective, appropriate division of responsibility, and (ii) specific control activities that enable the identification and timely prevention of risks becoming a reality. Examples of control activities include clearly defined decision-making processes and a policy for decision-making in relation 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 to ensure sound control. The effectiveness of this communication is monitored continuously to ensure that the information is sufficiently accessible. There are also formal and informal information channels that enable employees to communicate

important information to relevant recipients and ultimately, if necessary, to the Board of Directors. For communication with external parties, a clearly defined policy has been formulated. The aim is to provide the most accurate overview possible and to ensure that all obligations with regard to information 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 Audit Committee also 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. The Audit Committee establishes the direction, scope and time schedules for the internal audit team's work. The internal audit team reports the results of its audits 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. An annual feedback function is also in place, which is geared toward the company's senior executives. This feedback function is designed to ensure that Alfa Laval's internal instructions and rules are fully implemented. All managers who report directly to Group management are expected to review the guidelines and rules that apply to their respective areas. They must sign and submit a document confirming their understanding of the significance of these guidelines and compliance with these guidelines in their area of responsibility. If there are any deviations compared with the instructions, they must specify what actions they intend to take to ensure compliance. This process also aims to increase transparency and thus facilitate assessments by the external and internal auditors.

Lund, February 2014
Board of Directors

Auditor's statement on the Corporate Governance Report

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

Assignment and responsibilities

We have audited the Corporate Governance Report for the year 2013 on pages 46–58. The Board of Directors is responsible for the Corporate Governance Report and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act. Our responsibility is to express an opinion on the Corporate Governance Report based on our audit.

Focus and scope of the audit

We conducted our audit in accordance with

FAR's auditing standard RevU 16: The Auditor's Examination of the Corporate Governance Report. This standard requires that we have planned and performed the audit to obtain reasonable assurance that the Corporate Governance Report is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the information included in the Corporate Governance Report. We believe that our audit procedures provide a reasonable basis for our opinion set out to the right.

Opinion

In our opinion, a Corporate Governance Report has been prepared and is consistent with the annual accounts and consolidated financial statements.

Lund, March 3, 2014

Staffan Landén
Authorized Public Accountant

Johan Thuresson
Authorized Public Accountant