



Supplier Handbook

Guidelines for Alfa Laval suppliers

2/12/25

Version 1.0

Dear Valued Supplier,

Welcome to the Alfa Laval Supplier Handbook. At Alfa Laval, we believe that our success is built on the strength of our partnerships. We are committed to fostering a collaborative and innovative environment where our suppliers play a crucial role in our journey towards excellence. We aim to have the right external supplier for every need, everywhere, and every day.



Your dedication to sustainability, quality, continuous improvements, and your assurance to put the customer in focus aligns with our mission. Together, we can achieve great things and drive positive change in our industry.

Thank you for your commitment and partnership. We look forward to working with you to achieve our shared goals. Together, we're Pioneering Positive Impact.

Best regards,

A handwritten signature in blue ink, appearing to read 'P. Börjesson', with a stylized flourish at the end.

Peter Börjesson
Head of Global Sourcing
Alfa Laval

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Alfa Laval Supplier Handbook

1. Overview

Purchased goods and services represent the largest expense area at Alfa Laval, making it essential to leverage purchasing power to secure timely procurement at the lowest total costs, with defined quality standards, and optimal conditions, all conducted responsibly.

1.1 Guidelines

This handbook describes Alfa Laval Global Sourcing policies regarding the purchase of goods and services. The chapters outline requirements for all suppliers and include areas such as the Alfa Laval Business Principles for Suppliers, Sourcing Contracting Principles, compliance and supplier relations.

Other documents used in the sourcing process include the Non-Disclosure Agreement, General Condition of Purchase, Key Supplier Agreement, Supplier Agreement, Purchase Order, Product Specification, Technical Delivery Requirement, Alfa Laval material standards, inspection and testing plans, and production part approval process documents. For the avoidance of doubt, no document referred to herein are superseded by this Supplier Handbook.

1.2 Scope

This handbook describes the minimum requirements for all Alfa Laval suppliers and subcontractors.

The requirements described, along with any associated appendices, are supplemental to requirements specified in Alfa Laval purchase orders, drawings, material standards, specifications, and other supplier obligations. They do not relieve the supplier of responsibility for ensuring all products or services meet Alfa Laval standards. Location or country specific directives may also apply in addition to this handbook.

1.3 Pioneering Positive Impact

Our pioneering 140-year-old start-up culture is built on the idea that partnership is the key to solving complex problems and unlocking the full potential of resources. We therefore collaborate closely with our partners, customers, and thought leaders to create game-changing solutions that challenge conventional thinking on quality, efficiency, and innovation. United by a shared commitment to creating positive impact, we are reshaping vital industries such as energy, food, water, and shipping, by optimizing efficiency, reducing emissions, and increasing yields. Together, we are building business success, elevating quality of life across society, and driving progress towards a more sustainable world. Together, we're Pioneering Positive Impact.



2. Introduction

2.1 Partnering with suppliers

Alfa Laval offers substantial opportunities for production-related purchasing across our 40+ production sites and distribution centres in Europe, Asia, and the Americas, representing a significant purchasing volume. We provide a single point of contact for chosen suppliers, creating opportunities for large-scale global sales. This partnership enables regular and growing business across a wide range of customer segments.

2.2 Global commodity groups

Alfa Laval has eight global commodity groups:

- Metals
- Castings and forgings
- Machining, forming and fabrications
- Electrical instrumentation and flow items
- Seals, fasteners and transmissions
- Machinery and process equipment
- Indirect material and service
- Transportation and logistic services

For each main commodity, Alfa Laval provides a single global interface for suppliers. Beyond the global commodity groups, our production-related purchasing network includes regional offices in China, India, Eastern Europe, and Mexico, supported by local site teams and coordination per business unit. Our purchasing network continuously works to strengthen a competitive supply chain, focusing on cost reductions and stable delivery and quality performance.



Sustainability

3. The Alfa Laval commitment to sustainability

3.1 Carbon neutral by 2030

Alfa Laval is committed to achieving carbon neutrality by 2030. This commitment includes reducing carbon dioxide emissions across the entire value chain, with zero emissions from our own operations by 2027 (scope 1-2) and a 50% reduction in the impact of our products by 2030 (scope 3).

Meeting the 1.5-degree target set in the Paris Agreement requires action from people and organizations worldwide. Alfa Laval takes responsibility not only in supporting customers to reach this goal but also by pursuing it internally.

3.2 Sustainable sourcing

Sustainable sourcing is a priority for Alfa Laval and its multibrands. Suppliers are expected to uphold the Business Principles for Suppliers, acting ethically and in full compliance with local regulations.

Alfa Laval is committed to Science Based Targets, aiming to reduce greenhouse gas emissions across the entire value chain. This commitment involves not only supporting customers in meeting the 1.5-degree target but also actively working toward it internally. Suppliers are expected to contribute to this effort.

Alfa Laval focuses on sustainable sourcing through key areas where suppliers play a critical role in advancing shared environmental goals:

- Climate action is prioritized in sourcing, supported by climate-related KPIs and various initiatives.
- Emphasise on Scope 3 emissions, as outlined in the 2021 and 2022 annual reports.
- Preference for suppliers offering materials or inputs with lower carbon footprints.
- Enhanced material efficiency in manufacturing processes, including waste reduction.
- Continuous product optimization to reduce energy consumption during use.
- Promotion of renewable energy sources.
- Reduction in the proportion of air freight in total transport.
- Partnerships to ensure reuse and recycling of materials at product end-of-life.

In addition, Alfa Laval is interested in understanding the sustainability efforts of suppliers and is open to collaborating on additional initiatives in this area.

Alfa Laval Business Principles

Alfa Laval Business Principles form the foundation of the sourcing process. Together with supplier agreements, the Business Principles for Suppliers policy establishes sustainability expectations on our supplier network.



4. Alfa Laval Business Principles for Suppliers

The Business Principles for Suppliers is a document that Alfa Laval expects all suppliers to acknowledge and implement throughout their supply chains, actively contributing to positive environmental and social impact.

According to these principles, suppliers are required to:

- Stay informed of and comply with all laws, regulations, and policies relevant to their dealings with Alfa Laval,
- follow applicable legislation on human rights, labour rights, working conditions, health and safety, environment, tax and anti-corruption practices, and
- obtain all legally required permits, licenses and registrations.

[Alfa Laval Business Principles for Suppliers](#) shall be adhered to by all Alfa Laval suppliers.



Contractual and confidentiality standards

5. Contracting

The Sourcing Contracting Principles, which shall be applied when contracting with all suppliers, are the following.

1. Confidentiality
2. Competitive terms and regular benchmarking
3. Standard agreement templates
4. General conditions
5. Approval of a new supplier

Moreover, the sourcing process requires adherence, using implemented SRM and BI tools to enhance efficiency and insights in every step.

5.1 Confidentiality

Before sharing any sensitive material with a supplier, a Non-Disclosure Agreement must be signed. This agreement outlines the rights and restrictions governing the disclosure and use of shared sensitive information. The supplier is not entitled to use Alfa Laval logos or refer to Alfa Laval in their communications unless Alfa Laval has given prior approval.

5.2 Competitive terms and regular benchmarking

All agreements shall be based on competitive terms and agreed based on total cost of ownership. All suppliers shall be benchmarked regularly versus a set of competitors to secure that competitive value is supplied to Alfa Laval over time.

5.3 Supplier Agreement

The Supplier Agreement (SA) is a framework agreement established with an Alfa Laval appointed supplier. Governed by the General Conditions of Purchase (GCP), this agreement includes special conditions and appendices tailored to the specific requirements of a key supplier.

The Supplier Agreement consists of:

- the framework agreement,
- price agreement, specifying goods, prices, and lead times,
- general conditions of purchase,
- Business Principles for Suppliers, and
- individual Purchase Orders.

5.4 Key Supplier Agreement

The Key Supplier Agreement (KSA) is a framework agreement established with an Alfa Laval appointed key supplier. Governed by the GCP, the KSA includes special conditions and appendices tailored to the unique requirements of each key supplier.

The Key Supplier Agreement consists of:

- the framework agreement,
- special conditions, with appendices,
- price agreement specifying goods, prices, and lead times,
- general conditions of purchase,
- Business Principles for Suppliers, and
- individual purchase order

5.5 General conditions

General Conditions shall be used in all procurement within Alfa Laval. For the procurement of goods, the GCP shall be used, while the General Conditions of Services (GCS) shall be used for services. The GCP are available in several languages at [For suppliers | Alfa Laval](#).

5.6 Approval of a new supplier

The use of a new supplier shall be approved in accordance with the supplier creation process.



Quality and environmental management

6. Quality and environmental management system

Alfa Laval strives to enhance the organization, processes, and employee skills to be best-in-class. Committed to quality excellence, a customer-focused approach, and continuous improvement, we expect our suppliers to embrace these same principles and practices. Alfa Laval Global Sourcing aim to provide a competitive advantage for both the company and its customers by selecting, developing, and partnering with suppliers capable of exceptional performance. We actively seek suppliers who deliver superior products in terms of sustainability, quality, delivery, and cost.

6.1 Environmental management system

Alfa Laval requires suppliers to be certified according to the ISO14001:2015 environmental management system or an equivalent management system.

If certification is not in place, Alfa Laval requires suppliers to manage the five most significant environmental risks (aspects and impacts) related to their operations and industry. Suppliers must use the environmental risk management declaration template provided by Alfa Laval.

6.2 Quality management system

Alfa Laval requires our suppliers to either be certified according to ISO9001:2015 quality management system or with any equivalent standard.

For suppliers without certification, Alfa Laval mandates a formalized quality management system that documents processes, procedures, and responsibilities for achieving quality policies and objectives. Proof of such system shall be given by signing quality management system declaration provided by Alfa Laval.

6.3 Supplier material traceability and quality records

Suppliers shall establish and maintain documented methods for the unique identification of product batches or lots, including marking, when necessary, to ensure traceability of products throughout the entire production process.

In some cases, Alfa Laval may require specific product quality data, such as Pressure Equipment Directive (PED or ASME) compliance, data related to food or pharmaceutical regulations, records for nuclear orders, marine classifications, material certificates etcetera.



Supplier compliance and audits

7. Supplier compliance

7.1 Anti-Bribery and Anti-Corruption

Alfa Laval has the tradition of conducting business in accordance with the highest ethical standards, laws/regulations, and international standards. To secure an honest and fair transaction of Alfa Laval and to ensure the fulfilment of honesty and integrity in the business transaction suppliers of Alfa Laval need to sign and be compliant to the Anti-Bribery and Anti-Corruption policy.

7.2 Alfa Laval Restricted Substance List

Alfa Laval has always emphasized the great importance in safeguarding human health, safety, and our environment, continuously taking measures to meet these standards. Managing environmental impact is a priority, which includes controlling hazardous substances in products (such as articles, spare parts, components, materials, and preparations), packaging materials, and processes.

The Alfa Laval Restricted Substance List (AL RSL) details restrictions on specific substances, based on relevant legislation and global agreements for our products and industry. The AL RSL applies to all suppliers, producers, importers, and traders, and is updated twice a year to reflect any legislative changes.

The Alfa Laval Restricted Substance List is divided into three categories:

- **Banned substances:** substances which are prohibited entirely.
- **Restricted substances:** substances prohibited in certain applications relevant to Alfa Laval. A restricted substance may be used if the application is unmistakably outside the scope of the legislation in question.
- **Substances of concern:** substances where presence must be evaluated and monitored. This includes substances currently being evaluated for regulations applicable to the banned or restricted categories, or substances with legal requirements for reporting and/or monitoring.

Any presence of substances regulated in the listed legislations must be reported to Alfa Laval for further evaluation. We request our suppliers to notify us via the declaration of substance form available here: www.alfalaval.com/about-us/for-suppliers/restricted-substance-list/.

7.3 Conflict minerals

Alfa Laval is committed to a conflict-free supply chain. When conflict minerals (tin, tantalum, tungsten and gold) are used in our products, we will conduct due diligence on our supply chain to reasonably ensure that any minerals sourced from conflict areas are from “conflict-free” sources. Alfa Laval adheres the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

7.4 Radioactivity-free products

Suppliers must ensure that the products delivered to Alfa Laval are free from radioactive contamination. Suppliers should assess the risk of radioactive contamination on received goods and maintain radioactivity detection measurers. The suppliers sourcing raw materials and scrap, radioactivity measurement is mandatory when being supplying for Alfa Laval. Supplier shall warrant that products delivered to Alfa Laval are free from asbestos and contamination of Cobalt 60.



8. Supplier audits

8.1 Business Principles audits

The Alfa Laval Business Principles serve as the foundation of our sourcing process. The sourcing risk and compliance team audits suppliers' performance and compliance with these principles. The assessment includes critical indicators for human rights, labour rights, environmental aspects and anti-corruption.

Each year, existing suppliers are selected for the Business Principles Audit plan, and potential suppliers are audited after a prioritization evaluation. Prioritization for audits is based on three primary criteria: country risk, manufacturing risk, and presence of a sustainability program.

Critical requirements in the Business Principles Audit include, but not limited to:

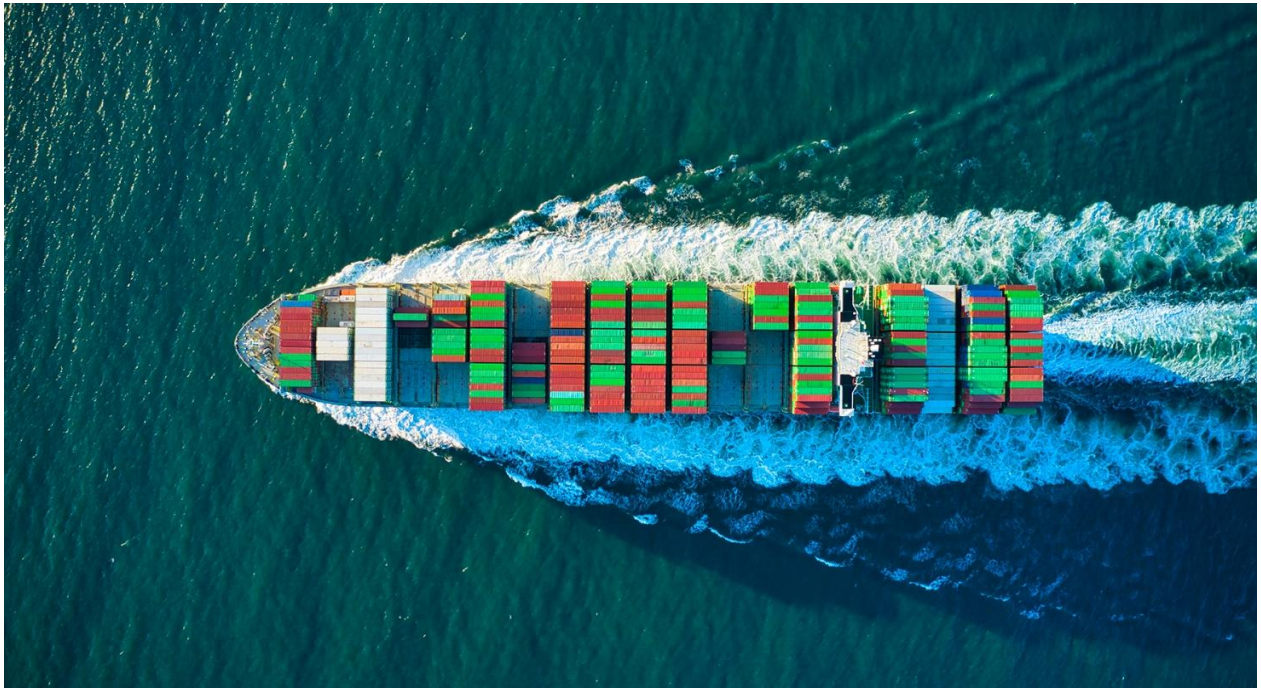
- Child labour/young worker protection
- Prevention of forced labour
- Freedom of association
- Fire safety protection
- Emergency preparedness
- Mitigating severe health hazards
- Environmental protection, including discharge control
- Valid environmental permits and reporting

8.2 Supply chain audits

Alfa Laval evaluates supplier's overall capabilities to deliver materials according to specified requirements. This audit focuses on the supplier's quality management system, production and manufacturing processes, and overall organizational management.

8.3 Special audits

Special audits are more specialized assessments focused on specific aspects of the supplier's manufacturing process. Examples include welding process, nuclear, and hygienic production audits, often conducted by process experts.



Supplier performance

9. Performance expectations

To achieve quality, delivery, cost competitiveness, and preferred supplier status, Alfa Laval expects suppliers to consistently deliver on time, at the right quality, and with stable, predictable lead times. Recognizing that success depends heavily on the supply chain, Alfa Laval conducts ongoing supplier performance evaluations based on Key Performance Indicators (KPIs).

9.1 Quality

Alfa Laval expects suppliers to deliver goods in full compliance with specified requirements.

A delivery to Alfa Laval will be considered non-conforming if the goods fail to meet drawings and specifications, or if required certifications are missing or deviate from purchase order requirement, such as appearance, packaging material, labelling, quantity or cleanliness. Target and expectations are 99%.

Suppliers are responsible for implementing corrective actions to identify the root cause of any deviations and to ensure the same issue does not recur.

Defect parts must be replaced or repaired at the supplier's expense.

9.2 Supplier delivery on time (SDOT)

Alfa Laval expects suppliers to deliver orders on time, based on the first confirmed date communicated within 48 hours after receipt of purchase order. On-time delivery means that goods arrive on the confirmed date with complete, correct documentation and, if applicable, required certificates.

Alfa Laval continuously measures supplier delivery performance. Supplier Delivery On Time (SDOT) is based on the first confirmed delivery date according to agreed Incoterms. If Alfa Laval receives an order later than one date after agreed delivery time, the delivery will be marked as deviated, resulting in an unfavourable on-time delivery rating. Target and expectations are 97%.

While different transport arrangements may apply depending on Incoterms, the Alfa Laval preferred transport partners should generally be used. For details, please contact your sourcing representative or Global Transportation.

Alfa Laval expects suppliers to have their own on-time delivery tracking and to implement corrective actions to remove the root cause if on-time delivery objectives are missed for two consecutive months. These corrective actions should be presented to the relevant Alfa Laval supplier contact.

If a supplier does not meet the on-time delivery objective, Alfa Laval is entitled to liquidated damages as outlined in the Key supplier Agreement or General Conditions of Purchase.

9.3 Packaging

In collaboration with the packaging supplier, the appropriate packaging type must be chosen to protect Alfa Laval products, to avoid transportation damage and associated financial and environmental impacts. Packaging should be optimized for material use, size, and cost, with a minimized CO₂ footprint wherever possible, without compromising its protective function, and fulfil the legal requirements described further in the General Conditions of Purchase.

Detailed packaging instructions may be provided by the Alfa Laval purchasing unit, specifying requirements for size, packaging material, and type.

A complete delivery requires materials to be packed correctly, with accurate markings on both the packaging and the materials, as well as appropriate labelling and documentation.

9.4 Cost

To achieve cost excellence, suppliers are expected to continuously improve operations across all areas to reduce costs. The objective is to eliminate waste and unnecessary expenses by implementing lean practices. Alfa Laval encourages suppliers to adopt Lean Six Sigma methodologies to enhance processes and conduct total cost breakdowns for products delivered to Alfa Laval.

9.5 Lead time

Alfa Laval expects suppliers to maintain stable and predictable lead times, continuously seeking ways to reduce them. Lead time reduction can be supported by implementing a minimum/maximum inventory agreement with Alfa Laval.

If a supplier needs to adjust the lead time, any changes should be communicated promptly to Alfa Laval.

9.6 Supplier performance evaluation

Alfa Laval continuously monitors supplier performance in terms of quality, delivery, lead times, and cost. Suppliers are expected to strive for zero-defect deliveries, consistently meeting acknowledged delivery dates. Continuous improvement efforts should be performed to reduce lead times and achieve cost excellence.

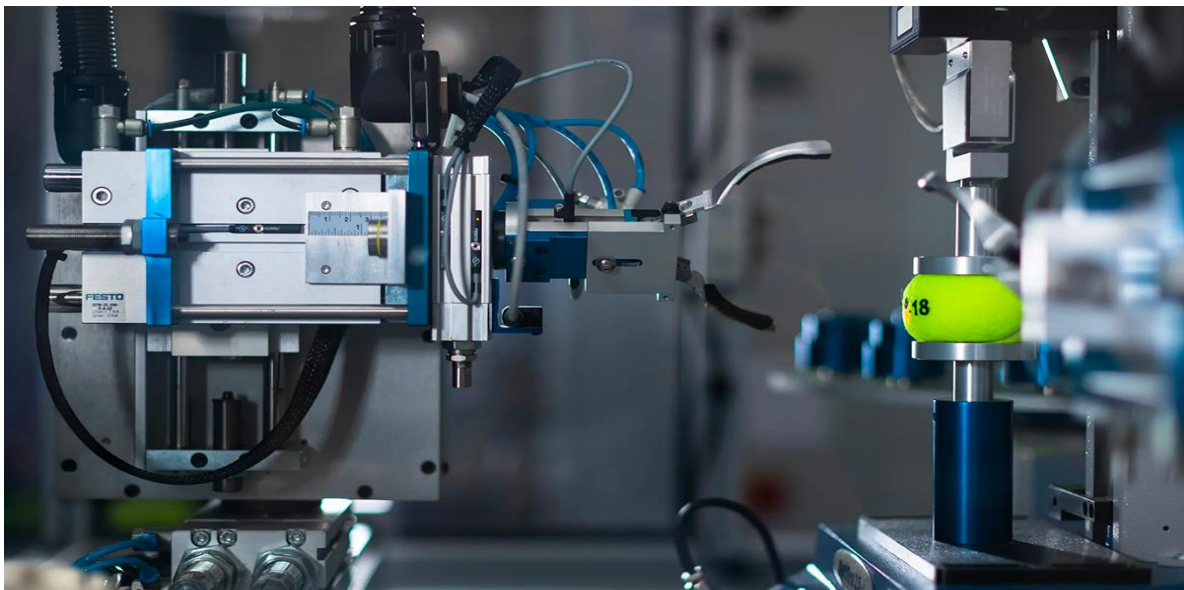
In addition to the on-time delivery measurement outlined in section 9.2, suppliers are expected to have performance monitoring systems and key performance indicators (KPIs) for quality, cost, and lead time.

When performance objectives in quality, delivery, lead times or cost are not met, Alfa Laval will ask supplier to make corrective actions. If improvements do not occur, Alfa Laval will escalate the issue to the global Purchase Improvement Meeting (PIM) led by Head of Global Sourcing, where decision will be made on further actions. Possible actions may include involving the global category manager, deploying a supplier development team to assist, or initiating a search for a new supplier.

9.7 Alfa Laval Production System and Lean Six Sigma



Alfa Laval can support and train suppliers to improve safety, quality, delivery, and cost by implementing the Alfa Laval Production System (ALPS) or Lean Six Sigma (LSS) program.



Product and process change

9.8 Supplier Quality Assurance

To ensure continuous supply of high-quality products from our suppliers, Alfa Laval Sourcing shall utilize the proactive Supplier Quality Assurance (SQA) process including the Production Part Approval Process (PPAP) when sourcing both new and revised parts. This approach aims to address quality and capability requirements early in the sourcing process, reducing issues further up the supply chain.

9.9 Product specification changes

Product changes made by Alfa Laval will be communicated to suppliers through an engineering change notice including product specification, drawing with updated revision number, Alfa Laval material specification, or other document specifying the product, delivery or package.

Upon receiving notice of a change, suppliers are expected to review their quality assurance systems, production processes, inspection and testing protocols, and related documentation for Alfa Laval components.

All changes must be communicated to and approved by Alfa Laval before implementation.

If a PPAP is required due to a request for a change to a part or product, the documentation requesting and approving the change must be included in the process package.

9.10 Supply changes

Suppliers must notify the designated Alfa Laval contact when any planned changes in materials, processes, plant, or manufacturing locations may impact products delivered to Alfa Laval. Requirements for this is further explained in the General Condition of Purchase.



Supplier relationship management

10. Segmenting suppliers

Given the large number of suppliers, Alfa Laval segments and categorizes them to allocate resources efficiently and provide the appropriate level of support based on each supplier's significance to the Alfa Laval business units.

Segment	Definition
Strategic	Suppliers of high strategic value for Alfa Laval.
Preferred	Suppliers having a good performance and signed contracts with which Alfa Laval wants to consolidate volumes.
Approved	Suppliers who are compliant with Alfa Laval Business Principles, have qualified audits, and have signed the General Conditions of Purchase with Alfa Laval.
Potential	Suppliers who wish to do business with Alfa Laval or who have not yet been evaluated for future business with Alfa Laval.
Probationary	Supplier with performance, compliance or other issues demanding close monitoring.
Phase out	Suppliers with whom Alfa Laval has decided to end the business relationship for a specific reason.

11. Onboarding suppliers

To become a supplier for Alfa Laval, compliance with the Business Principles for Suppliers and the General Conditions of Purchase is required. These and other expectations can be found on our website at www.alfalaval.com. On the same page, suppliers can express interest in partnering with Alfa Laval by submitting the supplier application form.

Further requirements related to compliance, delivery performance, quality, and lead time expectations are outlined in this handbook and, if applicable, in the appendix for specific business units.

Before participating in a bidding process, suppliers must sign a non-disclosure agreement.

When a supplier's offer is competitive, and both the supplier and product have been qualified, Alfa Laval can proceed to contract finalization.

Once a contract is in place, the purchasing process can begin. To streamline this process, Alfa Laval is using an external mandatory collaboration tool called Jakamo, which automates information and data sharing between Alfa Laval and its suppliers.

12. Sourcing award

The Supplier of the Year program recognizes suppliers for their strong contributions to the Alfa Laval business success over the past calendar year. Nominations are based on overall high scores and significant contributions, organized by commodity groups and regional purchasing offices.

Award categories and motivation:

- **Supplier of the year** – recognize sustained, outstanding performance, compliant with Alfa Laval supplier requirements, active commitment to continuous improvement, and a strong customer service mindset.
- **Innovation** – honours suppliers with innovative production processes that positively impact quality and cost, or design proposals that deliver significant benefits.
- **Sustainability** – celebrates suppliers who have made notable contributions to CO₂ reductions, and energy and water conservation.

Abbreviations

Expression / abbreviation	Definition
ABAC	Anti-Bribery and Anti-corruption policy
ALPS	Alfa Laval Production System
AL RSL	Alfa Laval Restricted Substance List
BP	Business Principles
BPS	Business Principles for Suppliers
EHS	Environmental & Health & Safety
GCP	General Conditions of Purchase
GCS	General Conditions of Services
GIP	Global Indirect Procurement
IP	Intellectual Property
KSA	Key Supplier Agreement
LSS	Lean Six Sigma
NDA	Non-Disclosure Agreement
PO	Purchase Order
PPAP	Production Part Approval Process
REACH	REACH is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.
ROHS	Restriction of Hazardous Substances in Electrical and Electronic Equipment
SA	Supplier Agreement
SDOT	Supplier Delivery On Time
SQA Process	Supplier Quality Assurance Process – proactively working with quality at supplier in e.g. new development projects
SRM Tool/Jakamo	Supplier Relationship Management Tool. Jakamo is the SRM tool at Alfa Laval. All supplier master data is maintained through this tool.
Supplier	Any business, company, corporation, person, or other entity that sells, or seeks to sell, any kind of goods or services to Alfa Laval, including the suppliers' employees, agents, and other representatives.
TDR	Technical Delivery Requirements

Appendix

Special requirements of the business unit or factory