Minutes from the Annual General Meeting with the shareholders in Alfa Laval AB (publ), reg. no 556587-8054 at 16.00 – 17.45 hrs on April 23, 2015 in Lund

Present Shareholders:

Shareholders with votes according to Exhibit 1.

§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 Fredrik Palm, member of the Swedish Bar Association, 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.

A minority, representing 2,635,259 (0.95%) votes, of the votes that were registered, abstained from voting concerning this proposal.

Fredrik Palm requested shareholders who would not give their consent, pursuant to the Personal Data Act (SFS 1998:204), 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.

Fredrik Palm presented the requirements, according to law and the Articles of Association, for a shareholder to be registered in the preliminary voting list. Thereafter he presented the procedure for preparation of the list of shareholders who had given notice of attendance to the Meeting and who had been registered as present, whereupon the adjusted voting list was presented.

The Meeting approved the adjusted list of shareholders who had given notice of their attendance and who also had appeared at the Meeting, according to
Exhibit 1, as voting list at the Meeting. It was noted that the total number of votes represented at the Meeting was 251,342,642 votes constituting approximately 59.9% of the total number of votes in the Company. In total, 329 persons attended the Meeting, including representatives, assistants, guests and functionaries.

A minority, representing 2,635,259 (0.95%) votes, of the votes that were registered, 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.

A minority, representing 2,635,259 (0.95%) votes, of the votes that were registered, 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 Gerth Friström (representing Sveriges Aktiesparares Riksförbund, Aktiespararnas Serviceaktiebolag and Aktiespararna Topp Sverige).

A minority, representing 2,635,259 (0.95%) votes, of the votes that were registered, abstained from voting concerning this proposal.

§6 Determination whether the Meeting has been duly convened.

Fredrik Palm 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 18, 2015, and in the Swedish Official Gazette (Swedish: “Post- och Inrikes Tidningar”) and Dagens Nyheter on March 20, 2015. The Meeting established that it had been duly convened.

A minority, representing 2,635,259 (0.95%) votes, of the votes that were registered, abstained from voting concerning this proposal.

§7 Presentation by the Managing Director.

The Managing Director (MD) of the Company, Lars Renström, reported on the financial year 2014, presented some of the Company’s new products and informed about the current development in the group during the first quarter 2015. Lars Renström also thanked all employees for good performance during 2014.
Thereafter, the participants of the Meeting were given the opportunity to put forward their questions, during which the following questions were addressed:

**Gerth Friström**, representing Sveriges Aktiesparares Riksförbund, Aktiespararamas Serviceaktiebolag and Aktiespararama Topp Sverige, enquired on the acquisition of Frank Mohn AS and to what extent, inter alia, integration and synergy effects have met expectations. **Lars Renström** answered that Frank Mohn has proven to be an even better company than expected and that the integration has proceeded according to plan. Of the calculated synergies of MSEK 120, 2/3 was expected to relate to the purchase side and these synergies are well under way to be realized. The remaining 1/3 are revenue synergies, which will be realized but that will take longer time to realize, as expected.

Further, **Gerth Friström** enquired if the goodwill, which followed from the acquisition of Frank Mohn, will limit future expansion through acquisitions. **Anders Narvinger** answered the question and emphasized thereby the importance of a balance between equity and debt and noted that with the earnings that the Company generates, debt can quickly be amortized down. The conclusion is therefore that the acquisition is not assessed to limit future acquisition possibilities and that the acquisition substantially increases earnings/share and therefore the dividend capacity.

**Gerth Friström** finally referred to the MD’s presentation of the Company’s efforts within corruption prevention and enquired on how the compliance by independent agents with legislation in this area is secured and if the Company has a forum for whistle-blowers. **Lars Renström** answered that this is an area of significant importance in which the Company applies zero tolerance and noted that the Company’s agreements with distributors and agents include restrictive provisions in this area. Further, reasonability assessments are made regarding compensation to agents in relation to the work they perform and to the value their work adds to the Company. Lastly, Lars Renström answered that the Company has a whistle-blower function, both formal (as apparent from the website) and informal and that the Company has a specific group handling arising issues.

**Carina Lundberg Markow**, representing Folksam and KPA, emphasized the importance of capital being managed in a sustainable manner and considers sustainability as added value from an owner perspective. With this background she noted the Company’s successful sustainability operations and enquired on how the Company operates to improve energy efficiency in transporting. **Lars Renström** answered that transports represents 35-40% of the emissions that the group generates. The preference is to transport as much as possible by ship, which is done with 25% of the group’s transports, but the largest part of the transports are done by trucks, about 70%. The group’s fundamental requirements for transporters are that they are environmentally certified and have programs for lowering carbon emissions. The remaining 5-6% of the transports is done by air transportation which dominates in terms of emissions. However, the group’s ambition is to limit the use of air transports and when air

---

N.B. This is an unofficial translation of the Swedish minutes of Annual General Meeting 2015 into English. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.
transports are necessary (depending on the size of the load to be transported),
the issue is escalated in the organization. In the end it is however the customer
who chooses means of transportation. The Company is determined to lower
carbon emissions and this is also done by placing production resources and
sourcing near the customers to lower the transportation distance.

Jan Andersson, representing Swedbank Robur fonder, started by thanking for a
very good and interesting annual report. Jan Andersson referred to the
communicated objective that the debt to equity ratio should not exceed 2 and the
fact that the group, during recent years, has been far below this level. Jan
Andersson enquired if this should be interpreted in the way that the objective is
to operate with an increased debt to equity ratio in the future and to what extent
this would have consequences for the dividend capacity. Lars Renström
referred to the Chairman’s answer above and answered that it would not have
any consequences for the dividend capacity and that there is capacity for
significant acquisitions even with this objective. Further, Jan Andersson
enquired on the proportion of service/aftermarket of the group’s turnover. Lars
Renström answered that service/aftermarket is fundamental for growth on short
term and on medium term and that the group’s service/aftermarket grew by 6%
last year to 26-28% of the group’s turnover. Lars Renström’s assessment is that
the service/aftermarket will be about 27-30% of the group’s turnover. If good
work is done with new sales, it will also be shown in service/aftermarket.
However, if the proportion of the latter would be as high as 35% of the group’s
turnover, the Company would most likely have problems within new sales.

§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 2014 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, 2014, 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 31, 2015 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, 2014 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 2014, 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 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,
- The Board of Directors’ complete proposal for a resolution on guidelines for compensation to senior management, and
- The Nomination Committee’s complete proposal for a resolution on guidelines for the election of Nomination Committee.

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, 2014 and as presented in the 2014 annual report.

A minority, representing 55,055 (0.02%) votes, of the votes that were registered, voted against 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 per share for the financial year 2014, and that the remaining earnings shall be carried forward.

N.B. This is an unofficial translation of the Swedish minutes of Annual General Meeting 2015 into English. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.
The Meeting further resolved that the record date for determining who shall be entitled to receive dividend shall be Friday April 27, 2015.

It was noted that the dividend is estimated to be distributed by Euroclear Sweden AB on Thursday April 30, 2015.

§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 2014.

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.

A minority, representing 763,574 (0.28%) votes, of the votes that were registered, abstained from voting concerning this proposal and 17,886 (0.01%) votes, of the votes that were registered, voted against this proposal.

§11 Report on the work of the Nomination Committee.

Jørn 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 just over 72% of the number of votes present at the Meeting and just over 49% 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 nine 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 nine with no deputies and that the number of Auditors shall be two and that the number of deputy Auditors shall be two.
A minority, representing 132,060 (0.0478%) votes, of the votes that were registered, abstained from voting concerning this proposal and 7,031 (0.00%) votes, of the votes that were registered, voted against this proposal.

§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 4,850,000 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 1,350,000
Other members of the Board of Directors: SEK 500,000

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 150,000
Extra amount for the other members of the Audit Committee: SEK 100,000
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 Meeting further resolved that the Company, provided that it is cost neutral for the Company and after written agreement between the Company and a (Swedish) limited liability company wholly-owned by a Board member or a Board member’s private business, may approve that the Board fee is invoiced through the company wholly-owned by the Board member or by the Board member’s private business. The invoiced fee shall be increased with an amount corresponding to social security payments pursuant to law and value added tax pursuant to law.

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

A minority, representing 57,675 (0.02%) votes, of the votes that were registered, 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, and the Meeting resolved, to re-elect Gunilla Berg, Arne Frank, Ulla Litzén, Anders Narvinger, Finn Rausing, Jörn Rausing, Lars Renström and Ulf Winberg as members of the Board of Directors. In addition, it was proposed and the Meeting resolved to elect Margareth Øvrum, who was presented.

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 apart from Lars Renström, eight of the nine 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, Jörn Rausing and Lars Renström, are independent of the Company’s major shareholder.

The Chairman informed that three employee representatives and three deputies are elected to represent the employees in the Board of Directors and that these are to be elected by the respective trade union. Currently, the employee representatives are Bror Garcia Lantz, Jan Nilsson and Susanna Norrby, with Leif Norkvist, Henrik Nielsen and Stefan Sandell as deputies.

The Meeting further resolved to elect the authorized public accountants Helene Willberg and Håkan Olsson Reising to be Auditors for the Company for the coming year, that is up to and including the Annual General Meeting 2016, and to 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 2016.

A minority, representing 1,767,144 (0.6391%) votes, of the votes that were registered, abstained from voting under item 14 on the agenda and 1,221,000 (0.44%) votes, of the votes that were registered, voted against the Nomination Committee’s proposals under item 14 on the agenda.

§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

N.B. This is an unofficial translation of the Swedish minutes of Annual General Meeting 2015 into English. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.
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.

A minority, representing 6,263,424 (2.27%) votes, of the votes that were registered, abstained from voting under item 15 on the agenda and 15,460,898 (5.59%) votes, of the votes that were registered, voted against the Nomination Committee’s proposals under item 15 on the agenda.

**Gerth Friström**, representing Sveriges Aktiesparares Riksförbund, Aktiespararnas Serviceaktiebolag and Aktiespararna Topp Sverige, stated that it was welcome with an additional woman on the Board of Directors and that it might not be wrong to also review the gender distribution in the senior management group. Further, Gerth Friström stated that a competent Managing Director and competent employees should be paid well for good work, and that such good work is carried out by Lars Renström, however Gerth Friström was of the opinion that the guidelines still can be discussed. Gerth Friström pointed out that the proportion of variable compensation was higher than Aktiespararna is in favor of and questioned if not the current incentive program should be reviewed and possibly be replaced by another program, e.g. a share-based program where the employees take certain risk. **Anders Narvinger** answered that the Company has reviewed different types of long-term incentive programs over the years, but has remained with an easy and cost effective cash-based program connected to the Company’s earnings per share and which gives a reasonable return. However, Anders Narvinger noted Aktiespararnas’ request and promised that the Company will conduct an additional analysis of incentive programs for the same persons within the group and within the same cost frame, to see if there are any other alternatives that could satisfy Aktiespararnas’ and other shareholders’ requests. Anders Narvinger ended by noting that this is an issue that has been addressed several times, why he is not too optimistic regarding the possibilities to find such an alternative.

§16 Resolution on the Nomination Committee for the next Annual General Meeting.

**Lars Åke Bokenberger**, representing the Nomination Committee, proposed, in accordance with the proposition set out in the convening notice, and the Meeting resolved to adopt the Nomination Committee’s proposal regarding criteria for appointing the Chairman and members of the Nomination Committee for the next Annual General Meeting, Exhibit 4.

A minority, representing 141,361 (0.0511%) votes, of the votes that were registered, abstained from voting under item 16 on the agenda and 394,968 (0.14%) votes, of the votes that were registered, voted against the Nomination Committee’s proposals under item 16 on the agenda.
§17 Closing of the Meeting.

Lars Renström handed out the Gustaf Award to the team within the group who developed and commercialized the product Alfa Laval PureSOx.

Lastly, Anders Narvinger thanked the former member of the Board of Directors Björn Hägglund, who declined re-election, and the resigning employee representative Jan Nilsson, who has been a member of the Board of Directors for 30 years, for their efforts in the Board of Directors.

The Chairman declared the Annual General Meeting of 2015 closed and welcomed the shareholders to the Annual General Meeting of 2016, which is planned to be held on April 25, 2016.
At the minutes:  

Fredrik Palm  

Approved:  

Anders Narvinger  

Annika Boström  

Gerth Friström  

N.B. This is an unofficial translation of the Swedish minutes of Annual General Meeting 2015 into English. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.
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 2014 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 23 April 2013 and the annual general meeting on 28 April 2014.

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 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 2014 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 23 April 2013 and the annual general meeting on 28 April 2014.

Stockholm 30 March 2015

KPMG AB

Authorized Public Accountant

Authorized Public Accountant
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 a 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 April 23, 2015 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 where special cause exists therefore in an individual case. Special cause 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 matters regarding the guidelines for compensation for the senior management, which shall be resolved upon by the Annual General Meeting, as well as to the Board of Directors propose 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 fulfillment 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 2015, on terms similar to those of the current programs. The long-term incentive program for 2015 is, just as the long-term incentive programs for 2012, 2013 and 2014, 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 2015 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 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 2014.

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 supplied 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 yearly salaries.

8. Estimated costs for variable compensation

The cost for variable compensation to senior management according to the proposal of the Board of Directors, taking into account existing agreements and based on the present remuneration rates, may in 2015, at maximum outcome, which presupposes that all targets on which the variable remuneration is based are reached, amount to maximum SEK 32,563,000 (exclusive of social security payments), whereof SEK 11,355,750 to the 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 April 23, 2015, Alfa Laval AB has no unsettled obligations of compensation, except running obligations to senior management in accordance with the principles of compensation described on page 107-108 in the annual report for 2014.

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 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 Meeting.
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 2014 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 23 April 2013 and the annual general meeting on 28 April 2014.

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 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 2014 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 23 April 2013 and the annual general meeting on 28 April 2014.

Stockholm 30 March 2015

KPMG AB

Helena Willberg

Håkan Olsson Reising

Authorized Public Accountant

Authorized Public Accountant
Report by the Board of Directors, in accordance with section 10.3 of the Swedish Corporate Governance Code, on the Remuneration Committee’s evaluation of compensation to executive officers

The Board of Directors of Alfa Laval AB (publ) has established a Remuneration Committee which since the Annual General Meeting 2014 consists of Anders Narvinger, also Chairman of the Committee, and of Jörn Raising and Arne Frank. The Remuneration Committee’s tasks are, among other things, to monitor and evaluate all programs for variable compensation for executive officers, to monitor and evaluate the application of the Company’s guidelines for compensation to executive officers and the current compensation structures and levels of compensation in the Company. The Remuneration Committee resolves on remuneration and terms of employment for executive officers reporting directly to the Managing Director. In accordance with section 10.3 of the Swedish Corporate Governance Code, the Board of Directors hereby gives the following report on the result of the Remuneration Committee’s evaluation.

During 2014, the Remuneration Committee has monitored and evaluated the Company’s programs for variable compensation to executive officers and the guidelines for compensation to executive officers. At the meeting of the Remuneration Committee held on December 17, 2014, the preliminary outcome of the programs for variable compensation to executive officers was presented and it was thereafter established that the programs have been appropriate, and just like other compensation obtained by executive officers in 2014, been in accordance with the guidelines adopted by the Annual General Meeting. Furthermore, in light of the described outcome, it was established that the guidelines have well served their purposes and have worked as intended. The Remuneration Committee thus assesses that the application of the guidelines for compensation to executive officers has been correct. The Remuneration Committee has also monitored and evaluated the compensation structures and compensation levels in the Company and finds these to be well-balanced and in accordance with market conditions.

Lund, March 2015

The Board of Directors of Alfa Laval AB (publ)
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 16
The Nomination Committee’s proposal for a resolution on the Nomination Committee for the next Annual General Meeting

The Nomination Committee of Alfa Laval AB (publ) proposes that the Annual General Meeting to be held on April 23, 2015 adopts a resolution in the form set out below regarding the Nomination Committee, to be valid until a new instruction is adopted.

It was resolved:

that there shall be a Nomination Committee to prepare and present proposals to the shareholders at the Annual General Meeting regarding the election of Chairman of the Annual General Meeting, Chairman of the Board of Directors, members of the Board of Directors and, where applicable, Auditors as well as compensation to the Board of Directors and the Auditors;

that the Nomination Committee shall be appointed annually and consist of representatives of the, with Euroclear Sweden AB, five largest directly registered shareholders or another larger shareholder of which the Company has knowledge (“Largest Shareholders”) at the end of the third quarter. The majority of the Nomination Committee’s members may not be members of the Board of Directors. The members of the Nomination Committee shall be appointed as follows. The Chairman of the Board of Directors shall annually, at the end of the third quarter, contact the Largest Shareholders of the Company, who shall have the right to appoint one member each of the Nomination Committee. In addition to such owner representatives, the Nomination Committee may decide that the Chairman of the Board of Directors shall form part of the Nomination Committee. If any of the Largest Shareholders choose to waive their right to appoint a member of the Nomination Committee, or otherwise may be considered to have waived such right, the next shareholder, in order of priority, shall be offered the opportunity to appoint a member of the Nomination Committee whereby no more than a total of eight shareholders need to be asked unless this is required for the Nomination Committee to consist of at least three members. Should a member resign from the Nomination Committee before its work is completed, the shareholder who appointed such member shall have the right to appoint a substitute. The Chairman of the Nomination Committee shall be a shareholder representative who at the same time may be a member of the Board of Directors. However, the Chairman of the Board of Directors shall not be the
Chairman of the Nomination Committee. The Chairman of the Board of Directors shall, as part of the Nomination Committee's work, inform the Nomination Committee of such circumstances relating to the Board of Directors' work and need for specific competence etc. which may be of importance for the work of the Nomination Committee. Individual shareholders shall have the right to submit proposals to the Nomination Committee regarding members of the Board of Directors for further evaluation within the work of the Nomination Committee;

that an appointed Nomination Committee shall remain until a new Nomination Committee has been constituted. Should a shareholder who is represented in the Nomination Committee substantially decrease its shareholding and no longer be qualified for a post in the Nomination Committee, such shareholder's representative shall, where the Nomination Committee so decides, be dismissed and another of the Company's shareholders be offered to appoint a member in his or her place, in accordance with what is stated above;

that information on the composition of the Nomination Committee shall be announced in the Company's third-quarter interim report and on the Company's website not later than six months prior to the Annual General Meeting;

that no compensation shall be paid to the members of the Nomination Committee;

that the Nomination Committee shall be entitled to charge the Company for costs of recruitment consultants, where so deemed necessary to obtain a suitable selection of nominees for the Board of Directors;

that the Nomination Committee shall report its work at the Annual General Meeting; and

that the Nomination Committee, prior to an Annual General Meeting, shall take position on whether the Nomination Committee finds it required to propose amendments in the instruction set forth above and in such case, submit a proposal to the Annual General Meeting for decisions regarding such amendments.