

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.

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 Rausing 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 herby 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)