

*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 2**

### **The Nomination Committee's proposal for the election of a Chairman for the meeting**

The Nomination Committee of Alfa Laval AB (publ) proposes that the Annual General Meeting to be held on 23 April 2018 adopts the following resolution in respect of election of Chairman of the meeting.

It was resolved to appoint the Chairman of the Board of Directors, Anders Narvinger, to be the Chairman of the 2018 Annual General Meeting.

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**Item 10 b)**

**The Board of Directors' proposal for resolution on the allocation of the Company's profit according to the adopted balance sheet, and on record date for distribution of profits**

The Board of Directors of Alfa Laval AB (publ) proposes that the Annual General Meeting to be held on 23 April 2018 adopts a resolution in the form set out below regarding allocation of the Company's profit according to the adopted balance sheet and regarding record date for distribution of profits.

It was resolved that distribution of profits shall be made in an amount of SEK 4.25 per share for 2017 corresponding to a total of SEK 1,782,689,339 and that the remaining earnings of SEK 7,634,658,831 shall be carried forward. Record date for the right to receive dividend shall be Wednesday 25 April 2018. Euroclear Sweden AB is expected to pay the dividend on Monday 30 April 2018.

*The statement from the Board of Directors pursuant to Chapter 18, Section 4 of the Swedish Companies Act is attached to this proposal and will be presented at the Annual General Meeting.*

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## **Item 12**

### **The Nomination Committee's proposal for resolution on the 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**

The Nomination Committee of Alfa Laval AB (publ) proposes that the Annual General Meeting to be held on 23 April 2018 adopts a resolution in the form set out below regarding the determination of the number of members of the Board of Directors, deputy members of the Board of Directors, Auditors and deputy Auditors to be elected by the meeting.

It was resolved that the number of members of the Board of Directors to be elected by the meeting shall be seven with no deputies. Further, it was resolved that the number of Auditors shall be two and that the number of deputy Auditors shall be two.

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### **Item 13**

#### **The Nomination Committee's proposal for resolution on the determination of the compensation to the Board of Directors and the Auditors**

The Nomination Committee of Alfa Laval AB (publ) proposes that the Annual General Meeting to be held on 23 April 2018 adopts a resolution in the form set out below regarding the determination of the compensation to the Board of Directors and the Auditors.

It was resolved that the compensation to the Board of Directors shall be SEK 5,035,000 to be distributed among the members of the Board of Directors who are elected by the meeting and not employed by the Company, as follows:

- Chairman of the Board of Directors SEK 1,675,000
- Other members of the Board of Directors SEK 560,000

Furthermore, it was resolved that, in addition to the above mentioned compensation to the members of the Board of Directors who are elected by the meeting and who are not employed by the Company, the additional compensation mentioned below shall be distributed to the board members who are Chairman or a member of the Committees mentioned below:

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

It was resolved that compensation to the Auditors shall be paid as per approved invoice.

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#### **Item 14**

##### **The Nomination Committee's proposal for resolution on the election of Chairman of the Board of Directors, other members of the Board of Directors, deputy members of the Board of Directors, Auditors and deputy Auditors**

The Nomination Committee of Alfa Laval AB (publ) proposes that the Annual General Meeting to be held on 23 April 2018 adopts a resolution in the form set out below regarding the election of Chairman of the Board of Directors, other members of the Board of Directors, deputy members of the Board of Directors, Auditors and deputy Auditors.

It was resolved to re-elect Anders Narvinger, Finn Rausing, Jörn Rausing, Ulf Wiinberg, Margareth Øvrum and Anna Ohlsson-Leijon as members of the Board of Directors and to re-elect Anders Narvinger to be the Chairman of the Board of Directors for the time up to the end of the 2019 Annual General Meeting. Arne Frank tragically passed away during 2017 and Ulla Litzén has declined re-election.

It was resolved to elect Henrik Lange as new member of the Board of Directors.

Should Anders Narvinger's assignment as Chairman of the Board of Directors end prematurely, the Board of Directors shall appoint a new Chairman.

It was resolved, in accordance with the Remuneration Committee's recommendation, to elect the authorized public accountants Staffan Landén and Karoline Tedevall as the Company's Auditors for the forthcoming year, thus for the time up to the end of the 2019 Annual General Meeting and to elect the authorized public accountants Henrik Jonzén and Nina Bergman as the Company's deputy Auditors for the forthcoming year, thus for the time up to the end of the 2019 Annual General Meeting.

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*Information on all members proposed to the Board of Directors and the Nomination Committee's reasoned statement regarding its proposal regarding the Board of Directors, is available at Alfa Laval AB's website, <http://www.alfalaval.com/investors/corporate-governance/annual-general-meetings/> and will also be available at the Annual General Meeting.*

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## **Item 15**

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

The Board of Directors of Alfa Laval AB (publ) proposes that the Annual General Meeting to be held on 23 April 2018 adopts a resolution in the form set out below regarding guidelines for compensation to senior management.

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

#### 1. Scope

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

#### 2. The main principle and how compensation matters are prepared

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

#### 3. Fixed compensation

The fixed salaries shall be revised annually and shall be based upon areas of responsibility and results 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.

- (i) The individual annual variable compensation may be between a maximum of 40 and 60 percent of the fixed compensation, depending on position. The outcome depends on the

degree of fulfilment of, in particular, financial targets, and to a more limited extent also on qualitative targets.

- (ii) The long-term incentive program directed to not more than 95 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 for 2018, on slightly modified terms compared to those of the previously running programs. The long-term incentive program for 2018 is, as the long-term incentive programs for 2015, 2016 and 2017, a cash-based program. Previous programs are 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 2018 is proposed to be on EBITA and Net Invoicing growth, with a 50/50 weight. The outcome of the program is calculated as an average of the outcome of EBITA and Net Invoicing growth for the three program years. Maximum outcome is awarded when the externally communicated long-term financial targets are clearly exceeded.

The remuneration from the modified long-term incentive program can constitute between maximum 20 and 50 percent of the fixed compensation depending on position and runs, as previously, for three years. Payment to the participants of the program is made after year three, provided, however, that they are still employed at the date of payment.

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

#### 5. Pension benefits

A detailed description of current pension schemes for the senior management is available in note 6 of the Annual Report for 2017.

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 survivor's pension consisting of either a life insurance or a special family pension filling 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.

#### 7. Dismissal and severance pay

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

#### 8. Estimated costs for variable compensation

If all targets on which the variable remuneration is based on are reached and based on the present remuneration rates, the total cost for variable compensation to senior management, at maximum outcome of (i) individual annual variable compensation, and (ii) implemented long-term incentive programs, may during 2018 amount to a maximum of SEK 22,676,810 (exclusive of social security payments), whereof SEK 9,450,000 for Alfa Laval AB's Managing Director (also President). The estimate is based on the persons currently being part of the senior management. The costs may change if the number of persons in the senior management is changed.

#### 9. Remuneration resolved upon that is not due for payment

At the time of the Annual General Meeting on 23 April 2018, Alfa Laval AB has no unsettled obligations of compensation, except current obligations to senior management in accordance with the principles of compensation described in note 6 to the annual report for 2017.

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

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



## Item 16

### **The Nomination Committee's proposal for resolution on the Nomination Committee**

The Nomination Committee for Alfa Laval AB (publ) proposes that the Annual General Meeting 2018 resolves to adopt the following principles for appointment of Nomination Committee and the assignment of the Nomination Committee and that the principles shall be applicable until the General Meeting resolves otherwise.

Resolution:

The Chairman of the Board of Directors shall be assigned, in consultation with the company's major shareholders, to appoint a Nomination Committee ahead of the forthcoming Annual General Meeting.

The Nomination Committee shall comprise of the Chairman of the Board of Directors and a minimum of five committee members. The committee members shall consist of the largest shareholders, or group of shareholders that have been grouped together in the Euroclear system (such group shall be viewed as one shareholder) based on Euroclear Sweden AB's shareholder information at 31 August the year prior to the Annual General Meeting.

If a shareholder waives the right to appoint a representative, the shareholder who is the next largest owner shall be offered the opportunity to appoint a representative. The majority of the members of the Nomination Committee shall be independent from the company and company management. The Nomination Committee's mandate period extends until a new Nomination Committee has been appointed. If an already appointed member resigns from the Nomination Committee, the shareholder that has appointed the member shall have the right to appoint a new member as replacement. If the major shareholder whom an appointed member represents significantly reduces its shareholding in the company, the Nomination Committee may offer another shareholder to appoint a member as replacement.

The duties of the Nomination Committee include:

- to evaluate the composition and work of the Board of Directors,
- to prepare a proposal to the Annual General Meeting regarding election of the Board of Directors and the Chairman of the Board of Directors,
- to prepare a proposal, in cooperation with the company's Audit Committee, to the Annual General Meeting regarding election of auditor,
- to prepare a proposal to the Annual General Meeting regarding fees to the Board of Directors, divided between the Chairman and other Board members as well as possible remuneration for committee work, and auditor,
- to prepare a proposal to the Annual General Meeting regarding a Chairman for the Meeting, and
- to prepare a proposal on principles for appointment of the next Nomination Committee, to the extent applicable.

The composition of the Nomination Committee shall be announced in the company's financial report for the third quarter and published on the company's website no later than six months prior to the Annual General Meeting. The

Nomination Committee is entitled to receive reasonable remuneration from the company for expenditure incurred with regard to evaluation and recruitment. Members of the Nomination Committee shall not receive any remuneration from the company.

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