

## **The Nomination Committee's reasoned statement as regards proposal of Board of Directors in Alfa Laval AB (publ)**

### **1. Background**

The Nomination Committee in respect of the Annual General Meeting 2018 consists of Finn Rausing (Tetra Laval), Lars-Åke Bokenberger (AMF), Jan Andersson (Swedbank Robur Fonder) Ramsay Brufer (Alecta) and Johan Strandberg (SEB Investment Management) as well as the Chairman of the Board, Anders Narvinger. Finn Rausing is Chairman of the Nomination Committee. The Nomination Committee has held five formal meetings in respect of the Annual General Meeting 2018 and has also had contacts over telephone and via e-mail. The meetings included, *inter alia*, an evaluation of the Board's composition, an assessment of the potential future competence requirements of the Board, and an evaluation of candidates for the Board of Directors for the next term.

### **2. Proposal**

The Nomination Committee proposes re-election of the board members Anders Narvinger, Finn Rausing, Jörn Rausing, Ulf Wiinberg, Margareth Øvrum and Anna Ohlsson-Leijon. Furthermore, the Nomination Committee proposes election of Henrik Lange as new member of the Board of Directors. Arne Frank tragically passed away during 2017 and Ulla Litzén has declined re-election.

In addition, the Nomination Committee proposes that Anders Narvinger is re-appointed as Chairman 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.

The Nomination Committee's proposal entails that the Board of Directors, during the next term, shall comprise of seven members elected by the General Meeting.

Information on the members proposed to the Board of Directors is presented on Alfa Laval's website, under the section for the Annual General Meeting 2018 (<http://www.alfalaval.com/investors/corporate-governance/annual-general-meetings>).

### **3. Reasoned statement as regards proposal of Board of Directors**

The Nomination Committee has during its work reviewed an internal evaluation of the work of the Board of Directors, which was carried out by the Chairman of the Board of Directors. The evaluation was made through open discussions and interviews with the individual members of the Board of Directors. The evaluation focuses on the work procedures of the Board, the working climate and the need for specific competence within the Board. Furthermore, the Nomination Committee has interviewed members of the Board of Directors and has also met the CEO of Alfa Laval, who has reported on the Company's operations. The proposal which is presented to the Annual General Meeting has been prepared in accordance with the framework for the work of the Nomination Committee, resolved by the Annual General Meeting of Alfa Laval AB.

With regard to the Company's global operations, the Nomination Committee has in its work strived to present a proposal on the composition of the Board of Directors characterized by diversity and variety with respect to experience, knowledge, competence and background. The Nomination Committee has in particular considered that the members of the Board of

Directors altogether represent a variety of, for Alfa Laval, relevant industrial experience. The Nomination Committee has also assessed the requirement set out in the Swedish Corporate Governance Code (Sw. *Svensk kod för bolagsstyrning*) regarding gender balance. Considering the foregoing the Nomination Committee has defined qualification profiles for two new members of the Board of Directors and has searched for candidates corresponding to these profiles.

The Nomination Committee has decided to propose Henrik Lange as new member of the Board of Directors. He is since 2015 CEO of Gunnebo and has long experience of, for Alfa Laval, relevant industry through his work in amongst other things SKF and Johnson Pump. The Nomination Committee deems Lange to be well qualified as new member of the Board of Directors and considers that Lange's combination of financial and operational competence as well as long experience in the industry and international business will broaden the combined competence of the Board of Directors.

The Nomination Committee has in respect of the Annual General Meeting concentrated on identifying female candidates with relevant industrial background and operational experience. Although several persons have been identified and contacted no woman corresponding to the defined qualification profile has been available. Therefore, the Nomination Committee has chosen not to propose a new female candidate for the next term. For this reason, the Nomination Committee has also chosen to propose to reduce the members of the Board of Directors to seven. The proposed Board of Directors consists of two women and five men, which corresponds to a women's proportion of 29 %. This is not in line with the ambitions regarding gender balance communicated by the Swedish Corporate Governance Board. Therefore, the work to create gender balance in the Board of Directors will continue with importance during the coming year.

In the light of the foregoing and applying the diversity policy (Sw. *mångfaldhetspolicy*) set forth in 4.1 in the Swedish Corporate Governance Code, the Nomination Committee considers the proposed Board of Directors to, with respect to the Company's operations, development and in other respects, have an appropriate composition characterized by diversity and variety with respect to competence, experience, and background of the members elected by the General Meeting.

The Nomination Committee has, in accordance with the requirements set forth in the Swedish Corporate Governance Code, discussed the issue concerning the members of the Board of Directors' independence. The Nomination Committee has assessed that all members proposed to be elected by the General Meeting are independent of the Company and the management. Furthermore, the Nomination Committee has assessed that all of the members to be elected by the General Meeting, except for the board members Finn Rausing and Jörn Rausing, are independent of the Company's major shareholders. Accordingly, the proposal on the composition of the Board of Directors meets applicable requirements of independent board members as set forth in the Swedish Corporate Governance Code.

Lund, Sweden, in March 2018

The Nomination Committee of Alfa Laval AB (publ)