

Sustainability notes

The report covers the 2021 calendar year and focuses on material topics and activities in line with stakeholder concerns. The table below contains our GRI disclosures. Data and sustainability information for previous years are available at www.alfalaval.com/about-us/sustainability/.

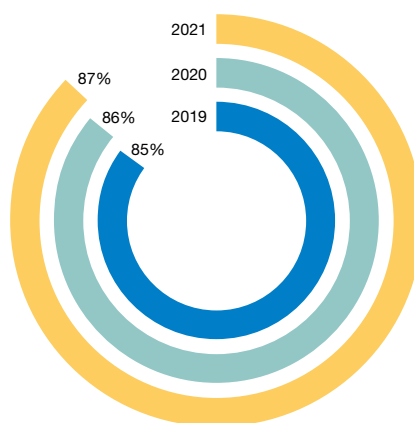
GRI Standards	Disclosures, comments and omissions	Page
GRI 102 (2016): General Standard Disclosures		
Organizational profile		
102-1	Name of the organization	Alfa Laval AB (publ), corporate identity number 556587-8054
102-2	Activities, brands, products, and services	AR 3, 6–9, 14–15, 22–23, 34–51
102-3	Location of headquarters	Lund, Sweden
102-4	Location of operations	AR 22–23
102-5	Ownership and legal form	Alfa Laval AB is a publicly owned company listed on Nasdaq Stockholm. Three largest shareholders are Tetra Laval International SA, Alecta and JP Morgan.
102-6	Markets served	AR 3, 14–15, 22–23, 37, 43, 49
102-7	Scale of the organization	AR 3, 8–9, 14–15, 52–53
102-8	Information on employees and other workers	Unless stated otherwise, all information in this report concerning the number of employees refers to data from the actual number of employees on 31 December for each year. The total number of employees amounted to 17,883 (16,882), of which 22.1% (21.3%) are women. The number of employees (excluding non-Alfa Laval branded acquisitions) was 16,563 (15,516) employees, of which 21.0% (20.9%) are women.
102-9	Supply chain	AR 3, 52–53
102-10	Significant changes to the organization and its supply chain	AR 8, 32–33
102-11	Precautionary Principle or approach	According to Alfa Laval's Business Principles and the corporate Environment Policy, we support a precautionary approach and establish measurable objectives for improved environmental performance and resource utilisation in order for our own operations to become as efficient as possible.
102-12	External initiatives	AR 6–7, 12–13, 18–19
102-13	Membership of associations	AR 5, 38–39, 44–45, 50–51
Strategy		
102-14	Statement from senior decision-maker	AR 6–7
Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour	AR 14–15, 76–79
Governance		
102-18	Governance structure	AR 88–104

GRI Standards		Disclosures, comments and omissions	Page
General Standard Disclosures			
Stakeholder engagement			
102-40	List of stakeholder groups		AR 14–15, 37, 43, 49, 58–59
102-41	Collective bargaining agreements	Our Business Principles stipulate that all employees shall be free to form and to join trade unions or similar external representative organizations and to bargain collectively. The coverage varies from country to country. Globally, approximately 51% of employees are covered by collective bargaining agreements.	
102-42	Identifying and selecting stakeholders		AR 58–59
102-43	Approach to stakeholder engagement		AR 58–59
102-44	Key topics and concerns raised		AR 58–59
Reporting practice			
102-45	Entities included in the consolidated financial statements	Entities included in Alfa Laval's consolidated financial statements can be found in the Annual Report. The reporting on our progress towards the environmental targets includes the sites that were part of the Alfa Laval Group during the baseline year 2020.	AR 8–9, 10–11, 58
102-46	Defining report content and topic boundaries	The Sustainability section of the Annual Report covers the sustainability topics that are material both for the company and for our key stakeholders.	AR 54–84
102-47	List of material topics		AR 58–59
102-48	Restatement of information	No restatements of information provided in the previous reports.	
102-49	Changes in reporting	No changes in the reporting scope or method.	
102-50	Reporting period	1 January 2021– 31 December 2021	
102-51	Date of most recent report	31 March 2022	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	sustainability@alfalaval.com	
102-54	Claims of reporting in accordance with the GRI Standards	Alfa Laval reports in accordance with the Global Reporting Initiative (GRI) Standards: Core option.	
102-56	External Assurance	No external assurance has been undertaken. According to the auditors of the Annual Report a statutory sustainability report has been prepared.	AR 85
Specific Standard Disclosures			
GRI 200: Economic standard series			
GRI 201 (2016): ECONOMIC PERFORMANCE			
103	Management Approach ¹	We create value for our stakeholders by providing our customers with innovative products and solutions which in many applications improve energy and other resource efficiency. Economic value generated is distributed among a number of stakeholder groups thus benefiting the societies where we operate. Alfa Laval's annual financial reporting reflects the company's current value generation progress.	AR 14–15, 37, 43, 49
201-1	Direct economic value generated and distributed		SP

¹) Includes 103-1 Explanation of the material topic and its boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach.

GRI Standards	Disclosures, comments and omissions	Page	
Specific Standard Disclosures			
GRI 200: Economic standard series			
GRI 205 (2016): ANTI-CORRUPTION			
103	Management Approach ¹	Alfa Laval's work with anti-bribery and anti-corruption is a cornerstone of our business integrity. The work is defined by our Business Principles and local laws and regulations and is regularly monitored by the global compliance function.	AR 76–81
205-1	Operations assessed for risks related to corruption		AR 3, 52–53
205-2	Communication and training about anti-corruption policies and procedures	Mandatory anti-corruption e-learning for white-collar employees, are held on a biennial basis, this e-learning also includes different scenarios with examples of dilemmas that various roles within the company may encounter. Specific workshops and trainings have been held during the year for managers at different sites.	AR 79–80

Training in anti-corruption policies and procedures for white-collar employees



GRI 300: Environmental standard series			
103	Management Approach ¹	<p>The following information refers to the entire section (GRI 300: Environmental standards).</p> <p>The environment is a highly prioritized area at Alfa Laval regulated by the Group's Environmental Policy and Business Principles. The strategy towards 2030 includes targets for carbon emissions, energy and water consumption, waste recycling and the use of chemicals. The environment is also part of the supplier assessment process. The environmental impact of Alfa Laval's products is one of the most material areas for internal and external stakeholders.</p> <p>We report on our environmental performance in the sustainability section of the Annual report. The carbon emissions data and factors are in accordance with the GHG Protocol.</p>	AR 58–69, 80–81

¹Includes 103-1 Explanation of the material topic and its boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach.

Specific Standard Disclosures

GRI 300: Environmental standard series

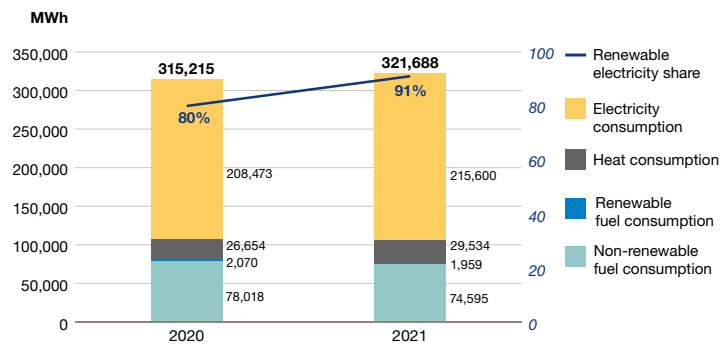
GRI 302 (2016): ENERGY

302-1 Energy consumption within the organization

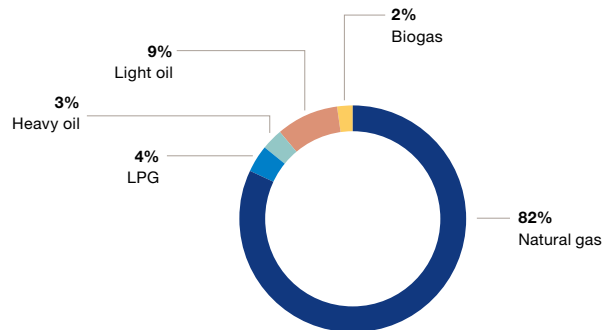
In 2021, Alfa Laval's energy consumption increased by 2% compared with the baseline year 2020. Consumption of non-renewable fuel includes the consumption of light oil, heavy oil, liquefied petroleum gas and natural gas. Consumption of renewable fuel includes the consumption of biogas. Energy used in vehicles that are owned or controlled by the organization is not included in the figure below.

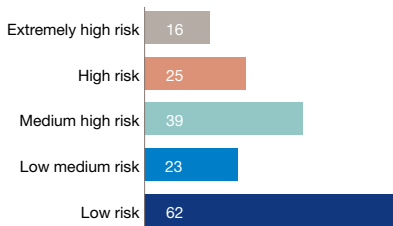
AR 64

Direct energy consumption within the organization (MWh)



Fuel consumption during 2021



GRI Standards		Disclosures, comments and omissions	Page												
Specific Standard Disclosures															
GRI 300: Environmental standard series															
GRI 303 (2018): Water and Effluents															
303-1	Interactions with water as a shared resource	Alfa Laval's main production processes do not require significant amounts of water. Most of the water consumed is used in the testing of our products and in service procedures. We use the World Resources Institute 'Aqueduct Water Risk Atlas' tool in our assessments of water-related impacts.	AR 66–68												
303-2	Management of water discharge-related impacts	All effluent is collected by third-party sources and treated following local regulations. All our sites are located in countries that have wastewater regulations in place.	AR 66–68												
303-3	Water withdrawal	<p>In 2021, Alfa Laval withdrew roughly 665 ML (megaliters) of water from third-party providers, a 10 % decrease compared to 2020 (741 ML).</p> <p>Alfa Laval has 41 facilities located in water-stressed areas, see the chart below.</p> <p>The water consumption from these facilities currently represents 38% of the company's total water consumption.</p> <p>During 2021, water consumed in water-stressed areas decreased by 14% compared to 2020.</p>	AR 66–68												
<p>Number of sites located in different water-stressed areas</p>  <table border="1"> <thead> <tr> <th>Risk Level</th> <th>Number of Sites</th> </tr> </thead> <tbody> <tr> <td>Extremely high risk</td> <td>16</td> </tr> <tr> <td>High risk</td> <td>25</td> </tr> <tr> <td>Medium high risk</td> <td>39</td> </tr> <tr> <td>Low medium risk</td> <td>23</td> </tr> <tr> <td>Low risk</td> <td>62</td> </tr> </tbody> </table>				Risk Level	Number of Sites	Extremely high risk	16	High risk	25	Medium high risk	39	Low medium risk	23	Low risk	62
Risk Level	Number of Sites														
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Medium high risk	39														
Low medium risk	23														
Low risk	62														
GRI 305 (2016): Emissions															
305-1	Direct (Scope 1) GHG emissions	Direct (Scope 1) emissions include energy consumption within the organization and company cars. Scope 1 emissions equalled 18,735 (19,857) tonnes CO ₂ e ¹ , and 0.4 (0.4) tonnes CO ₂ e of these emissions were biogenic.	AR 60–65												
305-2	Energy indirect (Scope 2) GHG emissions	Indirect (Scope 2) location-based CO ₂ e emissions equalled 65,315 (65,534) tonnes, whereas market-based CO ₂ e emissions equalled 9,723 (23,057) tonnes.	AR 60–65												
305-3	Other indirect (Scope 3) GHG emissions	<p>Other indirect (Scope 3) emissions include both upstream and downstream emissions. Upstream emissions include the following categories: business travel and purchased goods and services. Downstream emissions include downstream goods transportation and distribution and emissions from use of our products. During 2021 we have established the baseline for all of these emissions. For 2021 we only report progress on business travel and the goods transports downstream. We will improve our reporting during the coming two years to encompass all the above areas.</p> <p>Baseline year is 2020. The scope 3 upstream emissions baseline is 350,000 tonnes CO₂eq for purchased goods and services. This baseline is built on the analysis of more than 1,000 suppliers distributed over 158 supply categories that were mapped and contacted during the year. In total, the project addressed more than 80% of our total spend. The approximate baseline for the use phase has been calculated to 20,000,000 tonnes CO₂e based on the energy consumed from the use of our rotating equipment.</p> <p>Scope 3 CO₂ emissions for goods transport for 2021 equalled 44,795 (42,864) tonnes CO₂e. The emissions for business travel in 2021 were 3,820.</p>	AR 60–65												

¹ Roughly 10% of the CO₂ emissions from company cars consist of estimated data.

GRI Standards

Disclosures, comments and omissions

Page

Specific Standard Disclosures

GRI 300: Environmental standard series

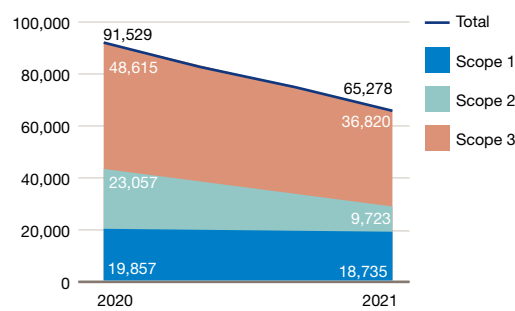
305-5 Reduction of GHG emissions

Alfa Laval works to reduce carbon emissions in all three scopes. Regarding the transportation of goods, our main challenge is to increase the share of transport by land and sea while reducing air freight. However, there are occasions when we have limited opportunity to influence the choice of transport means (e.g. an urgent customer request). Alfa Laval has an important role in providing customers with details on the environmental impacts of various transport choices.

AR60–65

The table below presents Alfa Laval's Scope 1–3 emissions from the baseline year 2020 till 2021.

Carbon dioxide emissions (tonnes CO₂e)



Scope 3 emissions only include emissions from business travel and downstream goods transport.

GRI 306 (2022): Waste

306-1 Waste generation and significant waste-related impacts

Most of Alfa Laval's products are made from metals which means that the majority of waste generated in terms of weight is recycled. Regarding non-metal waste, packaging material represents a large waste input at Alfa Laval, while scrap resultant from our operations and service centers consists of a large waste output. By reducing, reusing and recycling packing material and scrap Alfa Laval aims at decreasing waste to a minimum.

AR 67–68

306-2 Management of significant waste-related impacts

Alfa Laval's waste is managed by certified waste management companies. Waste-related data is also monitored and mainly provided by these companies. During 2021, we developed a waste guideline to improve sorting and classification of waste in order to take steps to our long-term target of zero waste to landfill by 2030.

AR 67–68

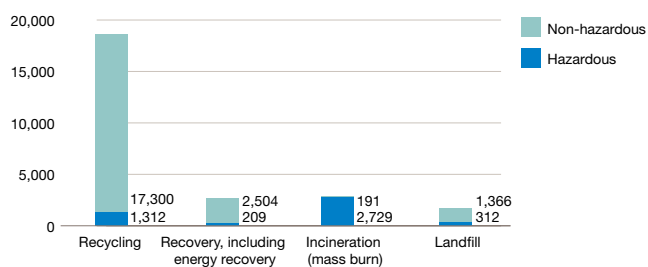
Specific Standard Disclosures

GRI 300: Environmental standard series

306-5 Waste directed to disposal

During 2021, Alfa Laval generated 25,923 (19,489) tonnes of waste, 18% (21%) of this waste classifies as hazardous. From the total generated waste, 7,311 tonnes were sent to disposal while 18,612 tonnes were diverted from disposal.

Total weight of waste per treatment method in 2021



Waste directed to offsite disposal by disposal operation, in metric tons (t)

Waste type	Amount
Hazardous waste	
Incineration (with energy recovery)	209
Incineration (without energy recovery)	2,729
Landfilling	312
Other disposal operations	0
Total	3,250
Non-hazardous waste	
Incineration (with energy recovery)	2,504
Incineration (without energy recovery)	191
Landfilling	1,366
Other disposal operations	0
Total	4,061

This table does not include non-Alfa Laval branded acquisitions.

GRI 307 (2016): Environmental compliance

307-1 Non-compliance with environmental laws and regulations

Legislative compliance ensures our business legitimacy. No significant fines or non-monetary sanctions regarding environmental or socioeconomic performance have come to Alfa Laval's attention during 2021.

GRI 308 (2016): Supplier environmental assessment

308-1 New suppliers that were screened using environmental criteria

All new suppliers in the identified risk countries are screened using environmental criteria.

AR 80-81

Specific Standard Disclosures

GRI 400: Social standards

103	Management Approach ¹	<p>The following information refers to the entire section (GRI 400: Social standards).</p> <p>Alfa Laval's social targets include the increase of the proportion of female employees with targets set for 2025 and a reduction of LTIs with targets set for 2023 based on 2020 figures. The Alfa Laval Business Principles, Global Health and Safety Policy and related documents define how we work with health & safety, training, development and human rights. All legal entities must secure the necessary competence and shall identify specific training needs based on country legislation or other requirements, as well as training in the different tools such as Hazard Identification and Risk Assessment, Injury Analysis and Job Safety Analysis. The method for calculating health and safety data was recently updated. Frequency rate data is now calculated based on 1,000,000 worked hours.</p>	AR 58–59, 70–81
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GRI 401 (2016): Employment

401-1	New employee hires and employee turnover	2,539 (1,462,) employees were hired in 2021. Employee turnover was 14% (13%).	
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New employee hires and employee turnover						
	2019		2020		2021	
	Number	Percent	Number	Percent	Number	Percent
Total number and rate of new employee hires	2,037	13%	1,462	9%	2,539*	16%
– of whom are women	512	25%	421	29%	681	27%
Total number and rate of employee turnover	1,957*	13%	2,055*	13%	2,136	14%
– of whom are women	427	22%	442	21%	522	24%

*This table does not include non-Alfa Laval branded acquisitions.

GRI 403 (2018): Occupational Health and Safety

403-1	Occupational health and safety management system	Alfa Laval's H&S Policy requires that our workplaces have high standards of safety and well-being. The Alfa Laval Global H&S Manual underlines the accountability of our managers to fulfil and uphold this policy. The work is supported by local H&S management systems. Additionally, all Alfa Laval's sites are expected to comply with local legislation and regulations.	AR 71
403-2	Hazard identification, risk assessment, and incident investigation	A company-wide whistleblowing system enables both internal and external stakeholders to report hazardous situations and suspected breaches anonymously, thus protecting them from reprisals.	AR 71
403-3	Occupational health services	Each major site has access to an external occupational health service. Each unit has also access to internal Health and Safety resources who support the organization in identifying, reducing and eliminating hazards. Our Health & Safety Manual and our Alfa Laval Production System ensures that processes, protective equipment and training are in place as well as daily follow ups are made.	AR 71

¹⁾ Includes 103-1 Explanation of the material topic and its boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach.

GRI Standards	Disclosures, comments and omissions	Page																											
Specific Standard Disclosures																													
GRI 400: Social standards																													
403-4	<p>Worker participation, consultation, and communication on occupational health and safety</p> <p>All Alfa Laval's employees have access to the Health & Safety manual and the Health & Safety policy & directives. All employees should contribute to the identification of hazards, the assessment of risks and implementation of risk control measures. Employees must also report any incident or hazard at work to their manager or supervisor.</p> <p>The Alfa Laval Health, Safety & Environment network consists of health and safety specialists at our local sites. The network has the responsibility to discuss health and safety and to drive improvements at the local level. The Alfa Laval Health, Safety & Environment team has the responsibility to manage health and safety at the global level. The team has quarterly meetings and collaborates with various organizations within Alfa Laval, such as HR, Sustainability, Group Risk, Group Audit, Operations and Service.</p>																												
403-5	<p>Worker training on occupational health and safety</p> <p>Alfa Laval's methods to raise awareness- "Stop-Think-Act" and 3PR (three prioritized risks)- significantly improved the safety culture in the company. The "I care" initiative has the purpose of promoting safe behaviours. This initiative builds on four crucial steps: Awareness, Interest, Engagement and Sustain & Improve. Its implementation is done in two different steps and will remain focus for the coming years.</p>	AR 71																											
403-6	<p>Promotion of worker health</p> <p>Alfa Laval mainly offers medical and healthcare services for occupational injuries and illness.</p>																												
403-7	<p>Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</p>	AR 71																											
403-9	<table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Number of fatalities</td> <td>0</td> <td>0</td> </tr> <tr> <td>Rate of fatalities</td> <td>0</td> <td>0</td> </tr> <tr> <td>Number of high-consequence work-related injuries</td> <td>0</td> <td>1</td> </tr> <tr> <td>Rate of high-consequence work-related injuries</td> <td>0</td> <td>0,03</td> </tr> <tr> <td>Number of recordable work-related injuries/ LTIs¹</td> <td>82</td> <td>113</td> </tr> <tr> <td>Rate of recordable work-related injuries/rate of LTIs¹</td> <td>2.63</td> <td>3.24</td> </tr> <tr> <td>Main types of work-related injuries</td> <td>Injured while lifting, moving, pushing²</td> <td>Injured while handling, lifting or carrying</td> </tr> <tr> <td>Number of hours worked</td> <td>31,231,700</td> <td>33,083,550</td> </tr> </tbody> </table> <p>¹ Currently our recordable work-related injuries only include injuries with lost time (LTIs). ² Main types of work-related injuries for the period Aug-Dec 2020. Rates have been calculated based on 1,000,000 hours worked. Figures do not include contractors' work-related injuries.</p>		2020	2021	Number of fatalities	0	0	Rate of fatalities	0	0	Number of high-consequence work-related injuries	0	1	Rate of high-consequence work-related injuries	0	0,03	Number of recordable work-related injuries/ LTIs ¹	82	113	Rate of recordable work-related injuries/rate of LTIs ¹	2.63	3.24	Main types of work-related injuries	Injured while lifting, moving, pushing ²	Injured while handling, lifting or carrying	Number of hours worked	31,231,700	33,083,550	AR 71-72
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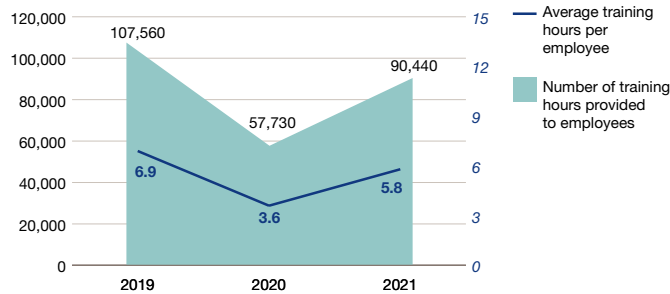
Specific Standard Disclosures

GRI 400: Social standards

404-1 Average hours of training per year per employee

Training hours per employee

AR 74



This table does not include non-Alfa Laval branded acquisitions. The number of training hours decreased significantly during 2020 due to Covid-19 pandemic impact.

404-2 Programs for upgrading employee skills and transition assistance programs

Alfa Laval offers a digital portal enabling to plan and follow-up of different training modules at individual level. The portal also makes it possible to provide training for customers and business partners. The training platform, the Alfa Laval Academy, includes a broad range of courses from basic training to advanced programmes in areas such as leadership and project management.

AR 74

Many of the company's courses are internet based (e-learning). They can be carried out in real time in groups or individually when it suits the employee.

404-3 Percentage of employees receiving regular performance and career development reviews

At Alfa Laval, every employee is entitled to a performance and career development review with their manager at least once a year.

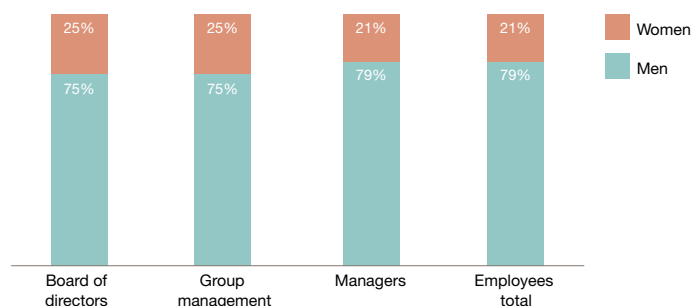
GRI 405 (2016): Diversity and equal opportunity

405-1 Diversity of governance bodies and employees

Alfa Laval works to increase the proportion of women in the company. Our 2025 goals are 35% females in our total workforce, 25% female leaders and less than 70% homogeneity (gender & nationalities) in our senior management teams.

AR 58, 73-74

Diversity of governance bodies and employees in 2021¹



¹ Figures include Alfa Laval branded entities only. The data for the board of directors is excl. employee representatives

406-1 Incidents of discrimination and corrective actions taken

In the recent employee survey, 82% of the participants responded that their working group is free from any kind of discrimination and harassment. In 2021, 78% of the legal entities had projects or initiatives in place to prevent discrimination or harassment. There have not been any court cases regarding discrimination or harassment during 2021.

GRI Standards	Disclosures, comments and omissions		Page
Specific Standard Disclosures			
GRI 400: Social standards			
GRI 407 (2016): Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The risk of Alfa Laval's suppliers violating worker rights to exercise freedom of association or collective bargaining is greatest in our defined high-risk countries. Three of the identified countries are China, Russia and Mexico where Alfa Laval focuses on training to create awareness.	AR 80–81
GRI 408 (2016): Child labor			
408-1	Operations and suppliers at significant risk for incidents of child labor		AR 80–81
GRI 409 (2016): Forced or compulsory labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		AR 80–81
GRI 412 (2016): Human Rights Assessment			
412-2	Employee training on human rights policies or procedures		AR 76–78, 80–81
GRI 414 (2016): Supplier social assessment			
414-1	New suppliers that were screened using social criteria	All new suppliers in the identified risk countries were screened using social criteria.	AR 80–81
GRI 418 (2016): Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<p>Alfa Laval handles the personal data of our customers and employees with due care. The main policies covering data privacy are the Alfa Laval Privacy Policy supported by guidelines related to the GDPR, and local and global HR policies. The Group Privacy Responsible works on the highest level and persons responsible for data privacy have been appointed at all Alfa Laval legal entities. They are in turn supported by each corporate function. Alfa Laval has also appointed a Data Protection Board consisting of the Chief Information Officer, Senior Vice President and Group General Counsel, Chief Financial Officer and Senior Vice President Human Resources.</p> <p>Alfa Laval has a structured approach to handling potential breaches of personal data with processes in place for reporting to the authorities and individuals involved in a breach of personal data. The organization regularly audits how personal data is processed or stored to assess the need for changes. In 2021, Alfa Laval did not receive any substantiated complaints concerning breaches of customer privacy or identified leaks or losses of customer data.</p>	
GRI 419 (2016): Socioeconomic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	Legislative compliance ensures our business legitimacy. No significant fines or non-monetary sanctions regarding socioeconomic performance have come to Alfa Laval's attention during 2021.	