



Alfa Laval Group Policy

ANTI-BRIBERY & ANTI-CORRUPTION (ABAC) POLICY

Group Legal – UK Local transposition

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Approved by: Mikael Hellborg (Managing Director)

1. Introduction and Scope

The Alfa Laval Group has a zero tolerance to Bribery and Corruption. Behaving responsibly and in compliance with this ABAC Policy is an absolute must in the Alfa Laval Group (i.e. Alfa Laval AB and its subsidiaries and affiliates, including the UK&I).

Every employee of the Alfa Laval Group must comply with this ABAC Policy as well as with applicable bribery and corruption laws and regulations. Bribery and corruption undermine legitimate business activities, distort competition, damage reputation and expose companies and individuals to risk.

This ABAC Policy assigns responsibility, authority, and accountability for handling these matters within the organization. This ABAC Policy is an extension of the Alfa Laval Business Principles (the “**Business Principles**”). Where any applicable laws or regulations conflict with the ABAC Policy or Business Principles, the more stringent measure prevails.

2. Purpose and definitions

The purpose of this ABAC Policy is to provide background, Group rules as well as a basis for compliance with applicable legislation connected to bribery and corruption. This ABAC Policy is to ensure that proper and adequate procedures against bribes and corruption are adhered to within the Alfa Laval Group providing clear responsibilities for preventing, detecting, investigating and reporting detected or suspected bribery or corruption activities. This ABAC Policy will give employees on all levels prerequisites to act in line with ABAC Policy's rules regarding ABAC actions. For further details on how to act within each area, you will find references in this Policy to directives and guidelines where applicable. Apart from the above definitions the following definitions apply:

“**ABAC**” means Anti-Bribery and/or Anti-Corruption.

“**ABAC Clause**” refers to the standard anti-bribery and anti-corruption clause that is to be found on the Anti-Bribery and Anti-corruption Site on Share (<http://share.alfalaval.org/processes/antibriberyanticorruption/Pages/default.aspx>).

“**ABAC Guidelines for Business Partners**” refers to the Alfa Laval Group's “Guidelines regarding the Anti-Bribery and Anti-Corruption actions that shall be taken when selecting a new or renewing an appointment of an Agent, Distributor or other Business Partners.

“**Business Partners**” refers to agents, distributors, intermediaries, consultants, advisors, joint venture partners and other business partners.

“**Bribery**” means the offering, promising or giving, as well as demanding or accepting, of any undue advantage in order to obtain, retain or direct business or to secure any other improper advantage in the conduct of business. This

applies whether it is directly or indirectly, to or from (i) a public official (ii) a political candidate, party or party official; or (iii) any private sector employee (including a person who directs or works for a private sector enterprise in any capacity).

“Corruption” means the “giving or obtaining of advantage through means which are illegitimate, immoral, and/or inconsistent with one’s duty or the rights of others.” Corruption includes fraud, bribery, bid rigging, facilitation payments and trading in influence. Alfa Laval may also be held liable for bribery or any other corruptive acts by third parties contracted by any entity within the Alfa Laval Group, or in other situations where the Alfa Laval Group is assumed to benefit from Bribery or corruptive acts by third parties

3. How to act

a) Gifts, entertainment and social events in general

Customary gifts, entertainments and social events of limited nominal value are allowed if they are reasonable, proportionate and made in good faith and in compliance with our corporate policies, directives and guidelines. However, no gift or favour, regardless of its value, may ever be given or received if it could cause a risk of influencing a decision, or being regarded as an exchange for favourable treatment. Favours can also include meals and entertainment. A gift or favour should never appear as inappropriate. No employee will face any adverse consequences for refusing to pay bribes, even if it means a loss of business.

i. Receiving gifts, hospitality and expenses

Any employee of the Alfa Laval Group must not, directly or indirectly, accept gifts except for gifts that are reasonable, proportionate and made in good faith or promotional items of minimal value. Always return inappropriate gifts with a polite note explaining the Alfa Laval Group’s policy. The exception being that gifts or favours from business partners may be accepted in situations where it would clearly give offence to refuse, in which case the gift must be handed over to the responsible Managing Director Manager and will be regarded as company property. Never ask for a gift or favour from an individual or organisation that does business with Alfa Laval, or is actively seeking to do business with the Alfa Laval Group.

The above principles also apply in the reverse direction, so that no one acting on behalf of the Alfa Laval Group may, in their dealings with customers, suppliers and other parties, offer or agree to pay for gifts, hospitality or other expenses that would violate this ABAC Policy.

For more detailed information about gifts and favours please also see, if available, the local guideline regarding gifts, favours and other hospitality or discuss this with the responsible Managing Director.

ii. Entertainment and Social Events

Socialising with suppliers, dealers, and other business contacts can be helpful in cultivating a good working relationship, but it is not acceptable when the entertainment or event is being used to inappropriately influence a decision or gain an unfair advantage. Each employee within the Alfa Laval Group must exercise good judgement in choosing entertainment and events that do not jeopardise the integrity, the reputation or interests of the Alfa Laval Group, its employees, suppliers or customers. Social events with suppliers, dealers, and other business contacts must be reasonable, appropriate and have a legitimate business purpose. Travel, accommodation and other expenses for an Alfa Laval Group employee in connection with such hospitality, entertainment or social event must always be paid by the concerned entity within the

Alfa Laval Group.

b) Sponsoring and Charity

Never sponsor or donate to organisations, associations or purposes where there is a risk that the contribution may be seen as a form of Bribery. We must ensure that no charitable contribution or sponsorship is used as a disguise for Bribery. Any charitable contribution and sponsorship shall follow the requirements set forth in the Business Principles and be approved by the Managing Director if it exceeds £2000 in value.

c) Personal conflicts of interest

Alfa Laval employees must avoid situations or transactions in which their personal interests could conflict or might be seen to conflict with the interests of Alfa Laval. Personal interest includes also the interests of family members and friends. In case of a potential conflict, the interests of Alfa Laval must prevail.

Employees are responsible for disclosing any personal conflict of interest (including perceived and potential conflict) to their line manager.

d) Anti-Bribery and Anti-Corruption compliance by our Business Partners

The Business Partners who provide services to any entity within the Alfa Laval Group are expected to operate with integrity. The Business Partner must refrain from paying or receiving any bribes, facilitation payments or kickbacks on behalf of the concerned entity within the Alfa Laval Group, or as part of their business. The concerned Management Team within the Alfa Laval organisation shall take reasonable measures to ensure that payment made to any Business Partner represents no more than an appropriate remuneration for legitimate services rendered by such Business Partner and shall also take reasonable measures to ensure that no part of any such payment is passed on by the Business Partner as a Bribe or other Corruption.

Before entering any relationship with any Business Partner, due diligence should be performed to ascertain any potential Corruption risks. Due diligence should also be conducted on potential target entities in connection with mergers and acquisitions involving the Alfa Laval Group. The level of due diligence required depends on the potential risk, such as where business is being carried out in an area with a history of Corruption. All contracts between any Alfa Laval entity and a Business Partner must contain our ABAC Clause. No Alfa Laval Group entity should enter any business relationship with a Business Partner who refuses to accept our ABAC Clause in an agreement. For more detailed information about the ABAC actions that shall be taken when selecting a new or renewing an appointment of a Business Partner please also see ABAC Guidelines for Business Partners.

e) Governments Official and Third Parties

It is never appropriate to give anything of value to a government official in order to obtain or retain business, or to gain preferential treatment. The use of third parties for paying bribes or other corrupt payments is strictly forbidden. Such third parties may appear as agents, suppliers, business consultants or in the form of sponsorships or charity. This practice is indirect Bribery and prohibited within the Alfa Laval Group and by law.

f) Appointment of suppliers and contractors

In appointing suppliers and contractors, the Alfa Laval standard procurement procedures (including due diligence), should be followed and the appointment must be open, fair and transparent. Suppliers and contractors must be appointed on professional merit, and not on personal recommendations or due to any inappropriate favours described in this ABAC policy.

All employees that are contracting suppliers or contractors must communicate the Business Principles of Alfa Laval to its suppliers and contractors and require that they abide by these principles or similar (including at a minimum the same areas covered by the Alfa Laval business principles).

4. Enforcement of the Policy

a) Manager's role

Each Managing Director, Business Unit Manager, Divisional Manager or, other unit manager is responsible for the detection and prevention of Bribery or Corruption and other irregularities within his/her company/unit. This responsibility requires an organisational culture that is resistant to Bribery and Corruption, through an effective internal control system, based on policies, training and awareness programs etc. as well as acting as a role model.

b) Internal Control and records

Many serious global bribery and corruption cases involve inaccurate record-keeping. To prevent this, international ABAC laws generally require detailed and accurate accounting records for transactions. This is the responsibility of the Managing Director that is in charge of the concerned Alfa Laval entity.

The Alfa Laval Group Management is responsible for initiating and supervising any investigation of suspected corruptive acts as defined in this ABAC Policy. The concerned Group Management member will coordinate all investigations with management, appropriate Group functions and other affected areas, both internal and external. It is standard Alfa Laval policy to prosecute or refer the investigation results to the appropriate law enforcement and/or regulatory agencies. Any exception to this ABAC Policy requires prior decision by the CEO. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer must be directed to the concerned Group Management member or the Group General Counsel.

c) Reporting

Any Bribery or Corruption that is detected or suspected must be reported immediately. Behaviour or actions that go against this ABAC Policy shall be reported to the immediate manager. If the employee, for some reason cannot confide in him or her, the next step in taking it to the higher level, would be to take it to the manager's manager and then to the concerned member of the Group Management. Alternatively you can report an issue to either the Head of Internal Audit, the Group General Counsel or by using the Alfa Laval Whistle-blower function. Alfa Laval will ensure that there are no adverse work-related consequences for any employee who, in good faith, alerts management to possible violations of this ABAC Policy.

During the investigation regarding a violation of this ABAC Policy, investigation results must be treated as confidential and not be disclosed or discussed with anyone other than those who have a legitimate need to know.

5. Guidance and Assistance

As part of the global compliance program, any employees that are involved in doing business with a third party are expected to do the ABAC e-learning training as well as participating in any other regular internal ABAC compliance training. If there are any questions regarding these specific areas, contact a member of the Group Legal Organization for guidance. #