



The Alfa Laval Business
Principles for suppliers



Introduction

These Alfa Laval Business Principles for suppliers are consistent with many international guidelines including the OECD’s Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights and the United Nations Global Compact Program.

Ensuring awareness of, and compliance with, relevant legal requirements is the baseline for complying with Alfa Laval Business Principle for suppliers (available on www.alfalaval.com). Suppliers shall comply with all laws, regulations and policies applicable to them and their dealings with Alfa Laval, including all applicable government contractual requirements, which flow down to the suppliers through their contracts with Alfa Laval. Suppliers shall comply with relevant legislation regarding human rights, labour rights, working conditions, health and safety, environment, tax and anti-corruption practices, as well as the requirements set out in this document, and obtain all legally required permits, licenses and registrations.

We expect our suppliers to be updated and aware of international standards, applicable international regulations and conventions, as well as regional and national legislation.

This policy, applies globally to all Alfa Laval suppliers. “Suppliers” here means any business, company, corporation, person or other entity that sells, or seeks to sell, any kind of goods or services to Alfa Laval, including the suppliers’ employees, agents and other representatives.

Alfa Laval Business Principles for suppliers policy covers the following aspects:



<p>ENVIRONMENT</p> <p>Optimizing the use of natural resources is our business</p>	<p>SOCIAL</p> <p>Respect for human rights is fundamental</p>	<p>BUSINESS INTEGRITY</p> <p>High ethical standards guide our conduct</p>	<p>TRANSPARENCY</p> <p>Our commitment to open dialog builds trust</p>
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Questions concerning this policy may be directed to the supplier’s sourcing contact.



Alfa Laval expectations

We expect our suppliers to acknowledge this Business Principles for suppliers policy, and to be accountable for following these by fully incorporating these principles into the supplier's entire supply chain, and at all times acting in compliance with such in all dealings with, and on behalf of Alfa Laval.

Suppliers and its branch must be legally registered to fully operate the business and obtain and maintain the necessary permits and/or licenses as required by the local law.

In cases where local laws or regulations provide a stronger protection than the requirements in this policy, allow such local laws or regulations to prevail. Suppliers shall be able to demonstrate their compliance with local legal requirements upon request.

Suppliers will be fully responsible for ensuring that any subcontractor(s), agents or other third parties that they engage in their work for Alfa Laval, as permitted by the agreement with Alfa Laval, will act consistently with this policy. Suppliers shall also secure the below stated requirements:

Alfa Laval Business Principle for suppliers

Ensure to stay updated and aware of international standards, applicable international regulations and conventions, as well as regional and national legislation.

Internal roles and responsibilities

Ensure that individual roles and responsibilities are clearly defined to comply with Alfa Laval Business Principles for suppliers.

Prevention and measures

Establish rules to define policies and structures ensuring alignment between Business Principles for suppliers and suppliers' rules and policies.

Raising awareness and competence

Secure that employees and management

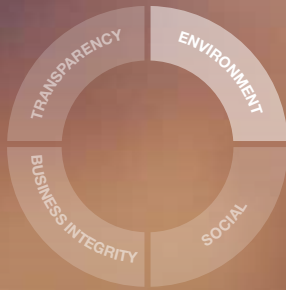
understand and commit to Alfa Laval Business Principles for suppliers.

Monitoring regularly

Implement regular internal self-assessment in order to verify the actual status at all times.

Failure to comply may result in disqualification from consideration for business and/or future business, with Alfa Laval. Failure to comply may also amount to a breach of contract.

Any compliance violation identified as a result of a self-assessment must be reported immediately to the supplier's Alfa Laval sourcing contact, or to Alfa Laval sustainability contact.



Environment

Environmental policy

- Suppliers must have an environmental policy (written document available to all stakeholders) which includes statements to prevent pollution, to continuously improve the environmental performance; to be in compliance with legislation and specific objectives and targets valid for the suppliers.

Environmental pollution

- Suppliers shall operate in a manner that is protective of the environment and comply with all applicable environmental laws, regulations and standards. Suppliers shall have updated environmental permits.

Emergency plan

- Suppliers shall secure an emergency plan with all potential emergency scenarios and response plan. The procedures for the emergency plan must be checked periodically. First aid responders and fire-

fighters must be trained. Ensure that relevant first aid kits are easily accessible, and that at least one employee who is trained in first aid is always available.

Hazardous substances

- Suppliers shall control hazardous substances in production processes, packaging materials and purchased articles (products, spare parts, components, materials, and preparations) and ensure compliance with relevant substance restrictions in applicable laws and regulations such as but not limited to the Regulation (EC) 1907/2006 on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), and Alfa Laval Group Black and Grey List. This list which includes lists of hazardous substances, is updated annually and is published on Alfa Laval's official homepage for suppliers to review.

- If suppliers identify a substance on Alfa Laval Group Black and Grey List present in any purchased articles (products, spare parts, components, materials, and preparations), or in their production processes and/or in packaging materials the suppliers are required to declare this information to Alfa Laval in a timely manner. Suppliers shall communicate this information to Alfa Laval by using the declaration document present on the webpage Alfa Laval Group Black and Grey list.

- Contact your Alfa Laval Sourcing contact for more details or visit the Alfa Laval Group Black and Grey List webpage.

Environmental risk management

- Establish, implement and maintain a risk-based program to reduce or minimize any negative environmental impact from activities, products and services.



Ensure that relevant first aid kits are easily accessible, and that at least one employee who is trained in first aid is always available.



Suppliers shall operate in a manner that is protective of the environment and comply with all applicable environmental laws, regulations and standards.

Suppliers shall control hazardous substances in production processes, packaging materials and purchased articles (products, spare parts, components, materials, and preparations).



Visit the Alfa Laval Group Black and Grey List page for more details.



Social responsibility

Human rights

– The Bill of Human Rights and the Core Conventions in International Labour Organization (ILO), which have been supplemented by additional nationally granted rights, shall be guaranteed by the suppliers.

Freedom of association

– Suppliers shall respect the rights of employees to establish or join trade unions or similar organizations. These including those recognized for the purpose of collective bargaining, and to engage in constructive negotiations.

Forced labour

– Suppliers shall not use any forms of forced labour like indentured labour/bonded labour or involuntary prison labour.

– Suppliers are required to comply with the Modern Slavery Act 2015 and must work to prevent modern slavery and human trafficking in its business and supply chain.

Child labour / Young labour

– Employees must not be hired to work before completing their compulsory education (or as determined by applicable local laws) in any circumstance.

– The minimum age for entry into employment must not be younger than 15 years of age or stated by local legislation.

– Young labour, whose age are between 15 and 18 years of age are allowed to work under the condition as per the local law definition.

Working hours and wages

– Wages and benefits paid for a standard working week must comply with national legislation.

– Suppliers shall secure the employees' working hours including overtime must be in reference to local law requirements.

– All employees shall be provided with at least one day off for every seven-day period.

Discriminations

– It is of great importance that our suppliers treat their employees fairly, with dignity and respect, and that they respect human rights and avoid causing, contributing to or being linked to other parties' involvement in abuse of or adverse impact on labour and universally recognized human rights.

- Suppliers should not tolerate any physical or mental harassment or abuse, expressed verbally or non-verbally through gestures, including harsh or inhumane treatment, coercion, detention, or unwanted sexual advances, nor tolerate any threats of such treatment. Suppliers should prohibit public warnings and punishment systems.
- Suppliers should work to eliminate direct and indirect discrimination in respect of employment and occupation and is guided throughout its operations by the principle of equality of opportunity and treatment in employment.
- Suppliers should not discriminate against workers with respect to employment or occupation on such grounds as race, colour, sex, religion, sexual orientation, political opinion, national extraction or social origin, age, disability, HIV/AIDS

status, trade union membership, unless to do so furthers established governmental policies which specifically promote greater equality of employment opportunity or relates to the inherent requirements of a job.

- Suppliers shall have a company policy including anti-discrimination.

Health and safety

- Suppliers shall secure the provision of safe and healthy working facilities and appropriate precautionary measures to protect employees from work-related hazards and anticipated dangers in the workplace.
- Suppliers shall secure fire safety, industrial hygiene, lighting and ventilation, personal protective equipment and reasonable access to potable water.

- Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

- Suppliers shall have a system for workers to report health and safety incidents and near-misses, as well as a system to investigate, track, and manage such reports. Suppliers shall implement corrective action plans to mitigate risks, provide necessary medical treatment, and facilitate workers' return to work.

- The accommodation, where provided, is clean, safe, and meets the basic needs of the workers.



The minimum age for entry into employment must not be younger than 15 years of age or stated by local legislation.

The supplier shall secure the provision of safe and healthy working facilities and appropriate precautionary measures to protect employees from work-related hazards and anticipated dangers in the workplace.





Business integrity

Anti-bribery and anti-corruption (ABAC)

- According to Alfa Laval’s ABAC policy, suppliers will not offer, promise or provide to any Alfa Laval employee a kickback, favour, cash, gratuity, entertainment or anything of value to obtain favourable treatment from Alfa Laval. Alfa Laval employees are similarly prohibited from soliciting such favours from the suppliers. This restriction extends to any Alfa Laval employees and their immediate family members, or with any other persons Alfa Laval employees have significant personal relationships in exchange for obtaining or retaining Alfa Laval’s business.
- Suppliers shall maintain the highest standards of integrity in all business interactions worldwide. Any and all forms of corruption, such as bribery, extortion or embezzlement, are strictly prohibited.

- Alfa Laval defines bribery or a bribe as: “Directly or indirectly giving or offering anything of value to government officials or employees of a commercial enterprise for the purpose of obtaining or retaining business, to win a business advantage, or to influence a decision regarding Alfa Laval. This also includes: obtaining licenses or regulatory approvals, preventing negative government actions, reducing taxes, avoiding duties or custom fees, or blocking a competitor from bidding on business.”

To disclose any corruption issues, contact Alfa Laval sustainability office, sustainability@alfalaval.com. For more information see section Whistle blowing.

Fair business and competition

- Suppliers shall comply with all applicable anti-trust and competition laws.

- Suppliers shall not enter into a financial or any other relationship with an Alfa Laval employee that creates any actual, potential or perceived conflict of interest for Alfa Laval. All such conflicts must be disclosed and corrected. Even the appearance of a conflict of interest can be damaging to Alfa Laval and to the suppliers and must be disclosed and approved in advance by Alfa Laval management and the Alfa Laval sustainability Office.

To disclose any conflict of interest issues, contact Alfa Laval sustainability office. For more information see section Whistle blowing.

Conflict minerals compliance

- Alfa Laval supports the U.S Securities and Exchange Commission’s (SEC’s) rules and other conflict-free initiatives. Alfa Laval’s ambition is to have a conflict-free supply

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The supplier shall inform Alfa Laval if tin, tantalum, tungsten and/or gold is present in the products supplied to Alfa Laval.



The supplier shall not disclose Alfa Laval's intellectual property, information etc. without any written agreements from Alfa Laval authorized persons.

chain. Alfa Laval will conduct due diligence on our supply chain to reasonably ensure that the minerals used in our products do not originate from conflict sources within the Democratic Republic of Congo region. To read more about Alfa Laval and Conflict Minerals, see our Conflict Mineral Policy Statement.

- Suppliers shall inform Alfa Laval if tin, tantalum, tungsten and/or gold is present in the products supplied to Alfa Laval.
- Suppliers shall send their Conflict Mineral Report Template (CMRT) to Alfa Laval when requested.

Disclosure agreement and intellectual property

- Suppliers shall not disclose Alfa Laval's intellectual property, know-how, information,

documentation etc. without a written agreement from Alfa Laval's authorized persons.

- If suppliers are aware of material, non-public information relating to Alfa Laval or its business, these suppliers, and/or those of its employees being aware of the information, may not buy or sell Alfa Laval securities or engage in any other action to take advantage of that information, including passing that information on to others.
- In addition, if the suppliers are aware of material, non-public information about any other company (including Alfa Laval's customers, suppliers, vendors or other business partners) that they obtained by virtue of our interaction with Alfa Laval, then suppliers may not buy or sell that company's securities or engage in any

other action to take advantage of that information, including passing that information on to others.

- If suppliers have not signed Alfa Laval Non-Disclosure Agreement yet, please contact your sourcing contact immediately.

Management of employee data

- Registration, filing and use of employee data should be treated with strict confidentiality and in accordance with local legislation.



Transparency

Management and compliance

– Suppliers shall establish their own management team to guide their compliance with Alfa Laval Business Principles for suppliers by appointing capable staff to be in charge of relevant aspects, establishing policy/procedures and maintaining related documents/records of such activities properly.

Inspections and corrective actions

– In order to ensure and demonstrate compliance with the Alfa Laval Business Principles for Suppliers, suppliers shall keep record of all relevant documentation, and provide supporting documentation upon request. To verify compliance, Alfa Laval reserves the right to audit and inspect the suppliers' operations and facilities upon reasonable notice, with or without support of a third party. If suppliers don't comply with the Alfa Laval Business

Principles for suppliers, they must take necessary corrective actions in a timely manner. Alfa Laval can suspend or terminate suppliers that fails to undertake corrective actions.

Disclosure of information

– Suppliers shall accurately record information regarding its business activities, labour, health and safety, and environmental practices and shall disclose such information, without falsification or misrepresentation, to all appropriate parties and as required by law.

Communication

– Suppliers shall communicate the Alfa Laval Business Principles for suppliers (or equivalent) to their employees. Statements affirming supplier's commitment to compliance and continual improvement in the

above mentioned areas, endorsed by executive management are recommended to be posted in the supplier's facility (where applicable) in the local language.

Subcontractors

– Suppliers shall be responsible for the compliance with Alfa Laval Business Principles for suppliers by their subcontractor(s).

– Suppliers shall not use subcontractor(s) to manufacture Alfa Laval's merchandise or components without prior written consent from Alfa Laval.

Whistle Blowing

Suppliers are required to promptly notify Alfa Laval regarding any known or suspected improper behaviour or any observed violations of the law or the Alfa Laval Business Principles for suppliers, related to suppliers dealings with Alfa Laval, or any known or suspected improper behaviour by Alfa Laval employees or agents.

Suppliers shall;

- Ensure that all employees have the right to report concerns regarding compliance with legal requirements or company policy/rules to their employer without fear of reprisal
- Ensure that workers have a mechanism to report grievances and that facilitates open communication between management and workers

Alfa Laval encourages suppliers to;

- Employ the anonymous complaint mechanism for managers and workers to report workplace grievances
- Protect whistle-blower confidentiality and prohibit retaliation



- The first course of action is to report to the Managing Director of the relevant local Alfa Laval Company or the pre-defined communication channel of each country/region.
- Alternatively, the person who is making a report can contact Alfa Laval centrally via E-mail: whistleblower@alfalaval.com | Reference website: [Alfa Laval Sustainability](#)

Alfa Laval in brief

Alfa Laval is a leading global provider of specialized products and engineered solutions.

The company's equipment, systems and services are dedicated to helping customers optimize the performance of their processes. Time and time again.

Alfa Laval helps customers to heat, cool, separate and transport products such as oil, water, chemicals, beverages, foodstuffs, starch and pharmaceuticals.

Alfa Laval's worldwide organization works closely with customers in 100 countries to help optimize their processes.

More information on the Internet

Alfa Laval's website is continuously updated with new information, including contact details for all countries.

Read more at www.alfalaval.com

