

Alfa Laval Group Policy

Human Rights Policy



Adopted by

Group Management

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Owner

VP Group Sustainability

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OVERVIEW

Accelerating success for our customers, people and planet is at the heart of everything we do. Our respect for human rights is embedded in our organization and expressed in our Business Principles. The Human Rights Policy further emphasizes this commitment.

We are unwavering in our determination to establish a robust management system for Human Rights Due Diligence (HRDD). Our aim is to proactively identify and prevent any potential human rights risks, while mitigating and monitoring existing ones. We firmly believe in transparent reporting and in taking swift remedial action wherever we have caused, contributed to, or are connected with any negative impact on human rights.

We are committed to providing a safe working environment, where all our employees and other stakeholders know that Alfa Laval strives to responsibly uphold human rights and expects them to abide by the policy. Additionally, based on the human rights risk assessment driven by the Group Sustainability, the Corporate Functions with salient human rights risks are identified and they are expected to secure this policy within their respective organization.

Alfa Laval has chosen to focus on the following human rights topics based on the human rights risk assessment conducted;

- Health and safety
- Inclusion and diversity
- Anti-Bribery and Anti-Corruption
- Freedom of association and freedom of expression
- Child labour and forced labour

CONTENT

1	Introduction	3
1.1	Purpose	3
1.2	Validity	3
1.3	Target Group	3
1.4	Definitions and abbreviations	3
2	Owner of the present Policy.....	4
3	Human Rights Due Diligence (HRDD) and Compliance.....	4
3.1	Own Organization	4
3.2	Suppliers.....	4
4	Human Rights Topics	5
4.1	Health and safety	5
4.2	Inclusion and diversity	5
4.3	Anti-Bribery and Anti-Corruption.....	5
4.4	Freedom of association and freedom of expression	5
4.5	Child Labour and Forced Labour.....	6
5	Monitoring	6
6	Reporting misconduct and providing remedy	6
7	Enforcement.....	6
8	Revision History	6

1 Introduction

This Policy is part of Alfa Laval Group Ethics and Compliance Programme. We acknowledge that the success and development of Alfa Laval is defined by the success and the development of the people in the organisation. This emphasizes the role and the responsibility of Alfa Laval to respect human rights of our employees, subsidiaries and suppliers.

Alfa Laval is committed to respect human rights in accordance with the International Bill of Human Rights and the International Labour Organisation's (ILO) Declaration on the Fundamental Principles and Rights at Work. In doing so, we are guided by the United Nation's Guiding Principles (UNGPs) and Organisation for Economic Cooperation and Development (OECD) guidelines for multinational enterprises on business conduct and human rights.

We respect national laws in countries where we operate. When national laws are in conflict with international human rights standards or do not fully comply with them, we strive to work in accordance with the highest international standards to the greatest extent possible.

We regularly review and update our human rights risk analysis. The identified impacts are integrated and acted upon accordingly, preventive and mitigative measures are taken and impacts are then monitored and reported on. We shall seek to provide equitable remediation where we have caused, contributed to or connected to creating a negative human rights impact to our employees and suppliers.

1.1 Purpose

This policy aims to clarify Alfa Laval's commitment to respect human rights and we expect all employees to abide by the policy. Additionally, based on the human rights risk assessment driven by the Group Sustainability, the Corporate Functions with salient human rights risks are identified. The Corporate Functions are expected to secure this policy within their respective organization.

1.2 Validity

This Policy is valid throughout the entire Alfa Laval Group and all employees and consultants must adhere to this Policy.

1.3 Target Group

Target Group	Responsibility
Policy Owner (VP Sustainability)	To ensure that the Human Rights Policy is communicated and monitored on the Group level and secure available training on the policy
Corporate Functions	To secure the policy in their organisations by ensuring procedures are in place to support compliance and the implementation of the policy
Managing Directors, BU Presidents	To secure the policy in their organisations by ensuring procedures are in place to support compliance and the implementation of the policy locally
Managers	To communicate the content of the policy and implement the policy
All employees (including all temporary and permanent employees) and consultants	To understand the human rights commitments in the policy and act accordingly

1.4 Definitions and abbreviations

Expression / abbreviation	Definition
Alfa Laval	Any reference to Alfa Laval in this Policy shall include all companies within the Alfa Laval Group, including multi-brands

Human Rights	Rights inherent to all human beings despite their gender, ethnicity, nationality, religion or status etc. This includes but not limited to the rights to just and favourable work conditions, freedom of association, rest and leisure and freedom from discrimination.
Human Rights Due Diligence	A process to identify, prevent, mitigate, report on and provide remediation to both actual and potential human rights impacts
Human Rights Risk Assessment	An assessment conducted to identify actual and potential human rights risks in our organization and supply chain
Salient human rights risks	Most severe human rights risks with the highest potential of a negative impact, which are identified in a human rights risk assessment based on the severity and likelihood of the impact.
Responsible Business Conduct	Principles for how companies should make a positive contribution to the economic, environmental and social progress through their business activities and to avoid and address impacts of their activities along the value chain.
Child labour	Employment or work by children below the age of 18 that is mentally, physically, socially or morally dangerous or harmful and deprives them of their right to schooling, childhood, potential and dignity.

2 Owner of the present Policy

VP Group Sustainability

3 Human Rights Due Diligence (HRDD) and Compliance

Alfa Laval's work with Human Rights Due Diligence is guided by the Organisation for Economic Cooperation and Development (OECD) guidelines for multinational enterprises on business conduct and human rights and the United Nations Guiding Principles (UNGPs).

In conducting due diligence, we analyse our impact on all human rights. Group Sustainability drives human rights risk assessment annually to identify salient human rights risks and responsible Corporate Functions. Based on this, we follow the process of integrating the findings to our procedures, monitor the effectiveness, report and communicate our progress. This allows us to keep policies and procedures centred around the human rights topics that are most relevant for us. Work is initiated by Group Sustainability to develop a corporate procedure on HRDD for Alfa Laval for detailed instructions on conducting HRDD.

3.1 Own Organization

HRDD at Alfa Laval is driven internally by identified key Corporate Functions, Human Resources, Health Safety and Environment, Global Sourcing, Group Legal and Compliance and Group Sustainability. These organizations take the lead in driving due diligence on human rights topics that are most relevant to them. In this way, we ensure that the processes of HRDD are aligned globally, while providing support and guidance to implement the processes of due diligence locally.

3.2 Suppliers

Alfa Laval is committed to implementing steps to secure HRDD with suppliers in line with relevant international standards. Alfa Laval's Business Principles for Suppliers is managed by the sourcing organizations, where the Alfa Laval Supplier Risk and Compliance Council plays an integral role in following up results and enabling continuous improvements.

We regularly conduct supplier risk assessments and evaluate suppliers to ensure that they not only meet expectations set by Alfa Laval but also share Alfa Laval's sustainability ambitions. When needed, mitigation and follow-up activities are individually developed on a case-by-case approach, supported by the Alfa Laval Supplier Risk and Compliance Council. If a supplier does not meet Alfa Laval's expectations, there is an escalation process to put business on hold or even phase out and terminate the agreement between Alfa Laval and the supplier as the last resort.

4 Human Rights Topics

We identify and assess potential and actual impacts to human rights, both in our own operations and in the supply chain. The outcome of the assessment is then used to prioritize human rights risks and high-risk geographies. This also guides us to identify potential salient human rights risks. These include health and safety, inclusion and diversity, anti-bribery and anti-corruption, freedom of association and freedom of expression, child labour and forced labour. We take preventative and mitigative actions to secure our commitments to human rights. We shall immediately address any adverse impact and take steps for remediation where necessary. Our commitments to Alfa Laval's most relevant human rights topics are indicated below.

4.1 Health and safety

Alfa Laval's Health and Safety Policy defines the scope, strategy, and remediation mechanisms we use to ensure the health, safety and wellbeing of all people that we work with. We are determined to promote a safe culture, safe technology and safe systems to lead toward behavioural changes for employees. We are committed to implementing measures for safe and hygienic working conditions for all.

We will continue to conduct training and raise awareness on health and safety measures and aim for zero-accidents in health and safety.

4.2 Inclusion and diversity

As outlined in our Inclusion and Diversity Policy/Directive, we strive to create an inclusive workplace, where everyone is treated equally with dignity and respect. We work actively to ensure diversity of talent in all positions, such as diversity in recruitment. We shall continuously take proactive measures to promote equality.

Discrimination, sexual and moral harassment, as well as bullying are not tolerated at any level based on any grounds, including but not limited to language, ethnicity, nationality, gender and disability. We are committed to respecting the rights of women and supporting their development toward management level.

4.3 Anti-Bribery and Anti-Corruption

Corruption is a corrosive agent to societies and their ability to uphold human rights. Alfa Laval stands firmly against any such conduct. Our Anti-Bribery and Anti-Corruption Policy supports our commitment to responsible behaviour. We take preventative measures, such as mandatory training, to ensure that all employees are aware of their responsibility and accountability in conducting legitimate business activities.

4.4 Freedom of association and freedom of expression

We recognize the freedom of association and freedom of expression of people. We emphasize that all employees are free to establish or join a trade association of their choosing without prejudice to existing local legislation. We recognize that employees that are part of a trade association will be eligible for collective bargaining and encounter no discrimination when it comes to compensation, benefits and individual development like all other employees of Alfa Laval. When national laws are in conflict with international human rights standards, we seek to take legal proactive measures to promote and protect employees' rights to organize, carry out dialogue and bargain.

4.5 Child Labour and Forced Labour

Alfa Laval stands firmly against human trafficking, child labour and any form of forced labour. We will work with our suppliers to eliminate all forms of slavery, human trafficking, child labour and all forms of forced or compulsory labour.

5 Monitoring

Alfa Laval regularly monitors the progress of human rights in own operations and those of our suppliers. Internal audits monitor the effectiveness of Alfa Laval's Human Rights Policy.

6 Reporting misconduct and providing remedy

In the event that any breach of the Human Rights Policy is perceived or identified, employees should report to their manager. If it is not possible or not appropriate, the report can be made to the senior manager, following the management chain or alternatively via our anonymous reporting channel (Speak Up!) which can be found on Share (intranet) and on www.alfalaval.com. We will abide by the whistleblower mechanism and Whistleblower Protection and Anti-Retaliation Policy to safeguard the whistleblower's integrity.

Alfa Laval shall regularly assess in which cases we have a responsibility to provide or contribute to a remedy for any negatively affected rightsholders and uphold a process to escalate any additional case-specific needs for remedy assessments if needed.

7 Enforcement

This policy is communicated externally on the dot.com site and internally via training and company communication. Senior management has responsibility over Alfa Laval's commitments to human rights.

The most prominent human rights due diligence measures taken and the impacts identified shall be reported and communicated officially in the Annual and Sustainability Report.

8 Revision History

Issue Number	Revisions	Adopted by