

# 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/](http://www.alfalaval.com/about-us/sustainability/).

GRI Standards	Disclosures, comments and omissions	Page
<b>GRI 102 (2016): General Standard Disclosures</b>		
<b>Organizational profile</b>		
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
<b>Strategy</b>		
102-14	Statement from senior decision-maker	AR 6–7
<b>Ethics and integrity</b>		
102-16	Values, principles, standards, and norms of behaviour	AR 14–15, 76–79
<b>Governance</b>		
102-18	Governance structure	AR 88–104

GRI Standards		Disclosures, comments and omissions	Page
<b>General Standard Disclosures</b>			
<b>Stakeholder engagement</b>			
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
<b>Reporting practice</b>			
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
<b>Specific Standard Disclosures</b>			
<b>GRI 200: Economic standard series</b>			
<b>GRI 201 (2016): ECONOMIC PERFORMANCE</b>			
103	Management Approach <sup>1</sup>	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

<sup>1)</sup> 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 <sup>1</sup>	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								
<b>Training in anti-corruption policies and procedures for white-collar employees</b>											
 <table><thead><tr><th>Year</th><th>Percentage</th></tr></thead><tbody><tr><td>2021</td><td>87%</td></tr><tr><td>2020</td><td>86%</td></tr><tr><td>2019</td><td>85%</td></tr></tbody></table>				Year	Percentage	2021	87%	2020	86%	2019	85%
Year	Percentage										
2021	87%										
2020	86%										
2019	85%										
GRI 300: Environmental standard series											
103	Management Approach <sup>1</sup>	<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								

<sup>1</sup> 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.

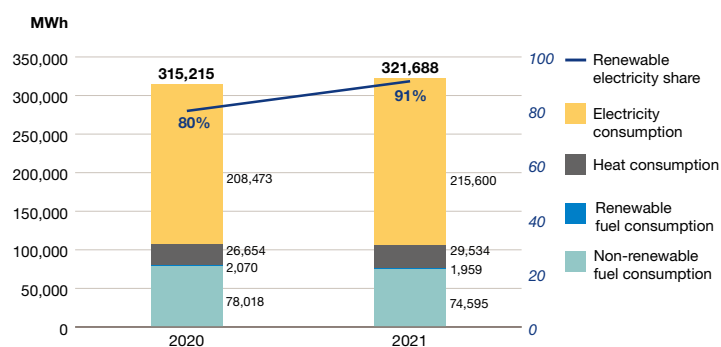
GRI Standards	Disclosures, comments and omissions	Page
Specific Standard Disclosures		
GRI 300: Environmental standard series		
GRI 302 (2016): ENERGY		

302-1 Energy consumption within the organization

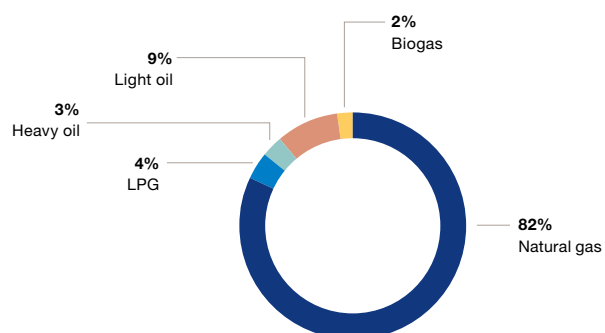
In 2021, Alfa Laval's energy consumption increased by 2% compared with the baseline year 2020. Consumption of non-renewable fuel includes the consumption of light oil, heavy oil, liquefied petroleum gas and natural gas. Consumption of renewable fuel includes the consumption of biogas. Energy used in 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
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<sup>1</sup> Roughly 10% of the CO<sub>2</sub> emissions from company cars consist of estimated data.

GRI Standards	Disclosures, comments and omissions	Page
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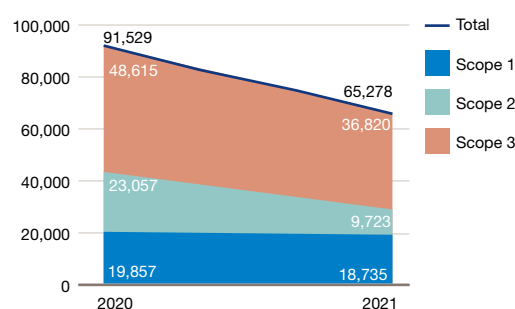
## Specific Standard Disclosures

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

#### Carbon dioxide emissions (tonnes CO<sub>2</sub>e)



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

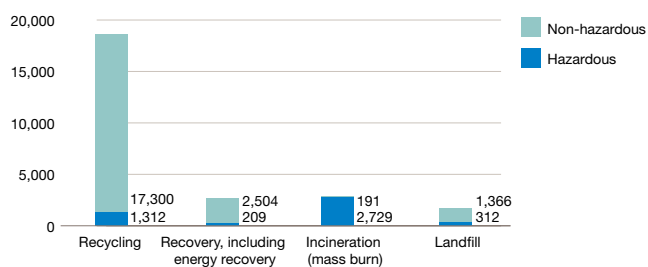
### GRI 306 (2022): Waste

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

GRI Standards	Disclosures, comments and omissions	Page
<b>Specific Standard Disclosures</b>		
<b>GRI 300: Environmental standard series</b>		

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.
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**Total weight of waste per treatment method in 2021**



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

Waste type	Amount
<b>Hazardous waste</b>	
Incineration (with energy recovery)	209
Incineration (without energy recovery)	2,729
Landfilling	312
Other disposal operations	0
Total	3,250
<b>Non-hazardous waste</b>	
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.
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#### 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
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GRI Standards		Disclosures, comments and omissions	Page																																																	
Specific Standard Disclosures																																																				
GRI 400: Social standards																																																				
103	Management Approach <sup>1</sup>	<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 &amp; 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																																																	
GRI 401 (2016): Employment																																																				
401-1	New employee hires and employee turnover	<p>2,539 (1,462,) employees were hired in 2021. Employee turnover was 14% (13%).</p> <table><tr><th colspan="7">New employee hires and employee turnover</th></tr><tr><th></th><th colspan="2">2019</th><th colspan="2">2020</th><th colspan="2">2021</th></tr><tr><th></th><th>Number</th><th>Percent</th><th>Number</th><th>Percent</th><th>Number</th><th>Percent</th></tr><tr><td>Total number and rate of new employee hires</td><td>2,037</td><td>13%</td><td>1,462</td><td>9%</td><td>2,539*</td><td>16%</td></tr><tr><td>– of whom are women</td><td>512</td><td>25%</td><td>421</td><td>29%</td><td>681</td><td>27%</td></tr><tr><td>Total number and rate of employee turnover</td><td>1,957*</td><td>13%</td><td>2,055*</td><td>13%</td><td>2,136</td><td>14%</td></tr><tr><td>– of whom are women</td><td>427</td><td>22%</td><td>442</td><td>21%</td><td>522</td><td>24%</td></tr></table> <p>*This table does not include non-Alfa Laval branded acquisitions.</p>	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%	
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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																																																	

<sup>1)</sup> 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	Worker participation, consultation, and communication on occupational health and safety	<p>All Alfa Laval's employees have access to the Health &amp; Safety manual and the Health &amp; Safety policy &amp; 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 &amp; 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 &amp; 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	Worker training on occupational health and safety	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.		AR 71																											
403-6	Promotion of worker health	Alfa Laval mainly offers medical and healthcare services for occupational injuries and illness.																													
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			AR 71																											
403-9	Work-related injuries	<table><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/ LTIs<sup>1</sup></td><td>82</td><td>113</td></tr><tr><td>Rate of recordable work-related injuries/rate of LTIs<sup>1</sup></td><td>2.63</td><td>3.24</td></tr><tr><td>Main types of work-related injuries</td><td>Injured while lifting, moving, pushing<sup>2</sup></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><sup>1</sup> Currently our recordable work-related injuries only include injuries with lost time (LTIs). <sup>2</sup> 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 <sup>1</sup>	82	113	Rate of recordable work-related injuries/rate of LTIs <sup>1</sup>	2.63	3.24	Main types of work-related injuries	Injured while lifting, moving, pushing <sup>2</sup>	Injured while handling, lifting or carrying	Number of hours worked	31,231,700	33,083,550	AR 71–72
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<b>GRI 400: Social standards</b>																	
404-1	<p>Average hours of training per year per employee</p> <p><b>Training hours per employee</b></p> <table border="1"> <caption>Training hours per employee data</caption> <thead> <tr> <th>Year</th> <th>Number of training hours provided to employees</th> <th>Average training hours per employee</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>107,560</td> <td>6.9</td> </tr> <tr> <td>2020</td> <td>57,730</td> <td>3.6</td> </tr> <tr> <td>2021</td> <td>90,440</td> <td>5.8</td> </tr> </tbody> </table> <p>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.</p>	Year	Number of training hours provided to employees	Average training hours per employee	2019	107,560	6.9	2020	57,730	3.6	2021	90,440	5.8	AR 74			
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2019	107,560	6.9															
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2021	90,440	5.8															
404-2	<p>Programs for upgrading employee skills and transition assistance programs</p> <p>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.</p> <p>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.</p>	AR 74															
404-3	<p>Percentage of employees receiving regular performance and career development reviews</p> <p>At Alfa Laval, every employee is entitled to a performance and career development review with their manager at least once a year.</p>																
<b>GRI 405 (2016): Diversity and equal opportunity</b>																	
405-1	<p>Diversity of governance bodies and employees</p> <p>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 &amp; nationalities) in our senior management teams.</p> <p><b>Diversity of governance bodies and employees in 2021<sup>1</sup></b></p> <table border="1"> <caption>Diversity of governance bodies and employees in 2021</caption> <thead> <tr> <th>Category</th> <th>Women</th> <th>Men</th> </tr> </thead> <tbody> <tr> <td>Board of directors</td> <td>25%</td> <td>75%</td> </tr> <tr> <td>Group management</td> <td>25%</td> <td>75%</td> </tr> <tr> <td>Managers</td> <td>21%</td> <td>79%</td> </tr> <tr> <td>Employees total</td> <td>21%</td> <td>79%</td> </tr> </tbody> </table> <p><sup>1</sup> Figures include Alfa Laval branded entities only. The data for the board of directors is excl. employee representatives</p>	Category	Women	Men	Board of directors	25%	75%	Group management	25%	75%	Managers	21%	79%	Employees total	21%	79%	AR 58, 73–74
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406-1	<p>Incidents of discrimination and corrective actions taken</p> <p>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.</p>																

GRI Standards		Disclosures, comments and omissions	Page
<b>Specific Standard Disclosures</b>			
<b>GRI 400: Social standards</b>			
<b>GRI 407 (2016): Freedom of Association and Collective Bargaining</b>			
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
<b>GRI 408 (2016): Child labor</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor		AR 80–81
<b>GRI 409 (2016): Forced or compulsory labor</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		AR 80–81
<b>GRI 412 (2016): Human Rights Assessment</b>			
412-2	Employee training on human rights policies or procedures		AR 76–78, 80–81
<b>GRI 414 (2016): Supplier social assessment</b>			
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
<b>GRI 418 (2016): Customer privacy</b>			
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>	
<b>GRI 419 (2016): Socioeconomic compliance</b>			
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.	