



# Electrolux Sustainability Report 2016

FOR THE BETTER

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## Sustainability – a transformational driver for Electrolux

Over the past year at Electrolux, we have focused on putting the consumer experience at the forefront of our strategy. This is having a profound impact on the way we do business and interact with consumers, as well as on how we approach sustainability.

With over 60 million home appliances sold annually, we've long recognized the significant impact we have on the environment and in society. Our sustainability strategy has primarily been based on a strong commitment to developing resource-efficient products and solutions that are manufactured in a sustainable and ethical manner. Our vision is to be the best appliance company in the world, as measured by our customers, employees and shareholders. Last year, we added the planet as our fourth and very important stakeholder

Consequently, we want to take Electrolux's sustainability leadership to the next level. Significant global challenges lie ahead, notably climate change, and there will be continued high expectations on Electrolux and the industry to live up to increasing demands.

Equally important is the lifelong relationship we are building with consumers through digitalization. Not too long ago, our main touchpoint with consumers post purchase was if a product broke down. Now, if we want to maintain consumer relationships, we must be perceived as a sustainable partner throughout the ownership journey.

For these reasons, we see sustainability as one of three key transformation drivers that will support our strategy to create best-in-class consumer experiences. We know from various surveys that sustainability matters a great deal to consumers, but that they don't necessarily think about it every day. It's important that Electrolux provides a set of products and services that offer people an easier and more enjoyable life, while minimizing the impact on the planet.

The way we do this is expressed through Electrolux's sustainability framework – For the Better – which was launched in early 2016 and comprises of three areas: Better Solutions, Better Operations and Better Society. With a total of nine promises to make a positive difference, and a commitment to halve our carbon emissions, we're taking a comprehensive approach to sustainability with concrete goals and measurable targets that ensure we get things done.

It's especially encouraging to see how we are expanding our efforts in the area of Better Society. Last year we decided to focus our social initiatives on sustainability issues related to food through the launch of the Electrolux Food Foundation, which funds local investments around the world. This new focus is crucial for us to live up to our commitment to be a responsible corporate citizen, in an area that matters to our employees as well as to our consumers.

There is also a great deal to be said for taking a broader perspective on the effect our products have on society. This is easy to take for granted in developed countries today, but let's not forget for instance the enormous and positive impact the washing machine has had in enabling mothers (mostly) free up time to educate themselves and their children.

This was not least the personal experience of Professor Hans Rosling. Many of us at Electrolux were deeply saddened to hear of his recent passing, especially as we had the pleasure of welcoming him for inspirational leadership meetings here a couple of years ago. Professor Rosling pointed out to us, as he has done many times before and since, that this basic societal transformation is still happening in

many parts of the world. Therefore, making our most energy efficient and sustainable products available to more people around the world is an area we want to improve on in the longer term.

Electrolux also has an opportunity to further develop this fundamental contribution to sustainability. Imagine the positive impact we can have through products that reduce food waste, make it easier to cook healthier meals, maintain garments for longer, and purify the air in consumers' homes. A fridge that preserves your lettuce and meat for longer is as important from a sustainability perspective as one that uses less energy. We can certainly improve how we communicate such information to consumers – with digitalization and connectivity making a real difference. Looking ahead and considering the political environment in which we operate, there are growing challenges to some of the major enablers for continued global growth. It's imperative that governments recognize free trade as a positive opportunity to create economic value, and that the world continues on the path agreed in Paris to jointly address climate change. We believe we can contribute to Agenda 2030 and the Sustainable Development Goals (SDGs) as part of our efforts.

As a company with strong fundamental values, and as a signatory of the UN Global Compact, we will also continue to support the development of a global agenda for human rights.

Stockholm, February 2017  
Jonas Samuelson  
President and Chief Executive Officer

# Constantly improving performance

Henrik Sundström, VP Sustainability Affairs, shares some of this year's highlights and explains how Electrolux will continue to drive sustainability in 2017.



## What were the main highlights of the year?

I am happy to say that there have been quite a few! Sustainability is an area where the bar is constantly being raised. We made very good progress during the year, even as stakeholder expectations continued to grow. We have taken on more aspects of sustainability, launched new targets for 2020, and developed our methods, systems and tools. These efforts have strengthened our sustainability work and our follow-up processes.

'For the Better' is the way Electrolux has decided to define its sustainability framework. It is based on the conviction that sustainability is made up of several themes rather than a single area. In a similar way, the United Nations has defined the Sustainable Development Goals (SDGs) for 2030. They were established following the largest multiple stakeholder consultation process of its kind, which probably represents the most extensive global stakeholder input to date. It is reassuring to find that there are many overlaps with the SDGs our work, and Goal 12 - 'Responsible consumption and production' is the most relevant to Electrolux.

In many respects, 2016 was our year of social responsibility. We developed an agenda for human rights, which involved defining our salient issues, and piloting a method for human rights impact assessments. The next steps will be to conduct several local assessments and to develop processes to manage our salient issues.

We defined an agenda for our 'Be a force for good' promise, which relates to community engagement and social investment. Establishing the Electrolux Food Foundation was also a major milestone. As around 70% of our business is related to food, we firmly believe we have a role in contributing to the global challenges of hunger, poor nutrition, responsible consumption and food waste.

At the same time, our colleagues made it clear that they feel strongly about social issues and want to contribute.

Speaking of commitment - during the year, we held two crowdsourcing events where Electrolux employees and customers developed many fantastic ideas to help people enjoy great-tasting, healthy and sustainable food.

We also took several steps to improve material and energy efficiency, including a target to use 50% renewable energy by 2020. This is part of our commitment to set science-based climate change targets for 2025. In 2016, our total greenhouse gas emissions per unit manufactured was half that of in 2005.

Climate change and circular economy were on the agenda at the OECD Environment Meetings at Ministerial level in Paris in September. We were invited to give the industry perspective and emphasized the importance of a life-cycle perspective. While a circular approach is important for resource efficiency we must continue to focus on efficiency during the use phase of products.

Finally, I am thrilled to say that Electrolux was named Industry Leader of the Household Durables category in the Dow Jones Sustainability World Index, for the tenth consecutive year. Also, CDP identified Electrolux as a global leader in responding to climate change.

## How will you continue to drive the agenda in 2017?

Our focus is clear - we will continue to integrate sustainability into our operations, develop and define areas where targets and KPIs that have not yet been implemented, and explore ways of quantifying our value creation for society.

Our work to integrate sustainability further will focus on moving ownership and decision-making processes even closer to our operations, especially when it comes to chemicals, greenhouse gas emissions and human rights.

## What challenges and barriers is Electrolux faced with?

Overcoming challenges and developing Electrolux is part of what makes our work exciting and rewarding.

First, consumer demand for more energy efficient appliances has stagnated in some regions, because of the economic slowdown and other external factors. For example, in Brazil, which is our second largest market, there is a need for an update of the energy labeling system to drive demand. We're also seeing relatively slower growth for efficient products in North America. Higher consumer demand for efficient appliances requires stronger focus from manufacturers and support from other actors, such as legal bodies, retailers and NGOs.

Secondly, working with many suppliers involves various challenges. Together with our suppliers, we have made significant progress in recent areas, including improvements in working conditions and environmental management. However, maintaining these improved practices remains a challenge. An insight after working with suppliers for many years is that we need to make them understand the importance of good environmental, social and ethical performance as part of a long-term business relationship.

I believe that looking at Electrolux and the world we operate in through a 'sustainability lens' helps us to further develop our company, our offering, and our stakeholder relations. I look forward to another year of raising the bar and improving performance.

# Our nine promises

Our nine sustainability promises are the springboard for Electrolux to make a difference between now and 2020. They cover all stages of the value chain – from R&D and suppliers, through our own operations and consumer use, to the end of life of our products. Together, they contribute to our climate targets.

## Better Solutions

Electrolux products enable consumers to live better lives while saving energy, water and resources.

Rising incomes around the world mean that the market for appliances is growing. To meet this demand without increasing our impact on the environment we have to help improve the way our customers and consumers use resources; raw materials, water and especially energy.

## Better Operations

We constantly challenge ourselves to improve, through our operations and our people, making Electrolux safe, efficient and ethical.

The impact we have on the world starts with us: what we do and how we treat others. That's why we're working to be part of the solution by saving energy and using less water. All of this is grounded in our strong business ethics and our commitment to human and labor rights.

## Better Society

Wherever we are in the world, Electrolux empowers consumers and suppliers and supports local communities.

As a multinational business, we touch the lives of millions of people; our customers, suppliers and local communities. We want our influence to be a positive one, working in partnership to meet local needs and drive improvement wherever we operate.



Product performance



Operational efficiency



Solutions for everyone



Resource efficiency



Health and safety



Force for good



Materials' control



Ethics and human rights



Supply chain



## Constantly improve product performance and efficiency

We are creating ever more efficient, high-performance appliances, which help consumers and customers to live better lives, save money and reduce their environmental footprint.

### Our promise

Electrolux will improve the energy and water performance of our appliances, raising the bar for product efficiency around the world.

### The roadmap to 2020

- Be a leader in product efficiency in our most important markets by 2020.
- Continue to develop products with good environmental performance, with focus on energy efficiency.
- Continue to drive the market for efficient products through awareness-building customer and consumer campaigns.

### The case for action

Tackling climate change by reducing greenhouse gases is one of the greatest, most urgent challenge society is facing. At the same time, demand for water is set to increase by as much as 40% by 2030, meaning that a billion more people will live in places where water can no longer be taken for granted.

Efficient appliances can help ease that strain. The most significant environmental impact occurs when energy is consumed during product use. That's why improving product efficiency is among the Group's top priorities. Using an efficient appliance also saves water, for example, using a dishwasher is more water efficient than washing dishes by hand.

This promise is embedded in the Group's R&D processes through defined targets and KPIs for each major product category, for instance vacuum cleaners and major appliances in food preservation, fabric care and dish care, in markets where recognized efficiency standards exist. We have a clear follow-up methodology for energy and water performance that allows us to track progress against our goals.

**This promise will contribute to our climate targets.**

### The approach

Product-efficiency targets and KPIs are integrated into our product generation planning. The latter is supported by an analysis of the regulatory landscape, market position and energy-efficiency improvements. Electrolux reports



## Make better use of resources

With our innovative approach, we are increasing our use of recycled materials and reducing our environmental impact.

### Our promise

Electrolux will make better use of resources by using more recycled materials, and helping to promote the market for recycling.

### The roadmap to 2020

- Replace virgin materials with recycled materials in our products.
- Adapt product design to further increase the use of recycled material.
- Increase the volume of recycled plastic to 20,000 tonnes annually.
- Increase amount of scrap based steel in our production.

### The case for action

As the global middle class more than doubles in size by 2030, the demand for goods and services will increase together with the use of material resources. For Electrolux, this means we can expect the price of materials such as

steel, plastic and electronic components to become more volatile.

This is another area where sustainability and the Group's cost-efficiency objectives go hand in hand. One of our most important materials is plastic, as it is fundamental for the design of affordable, durable appliances. In 2016, the amount of recycled plastic increased to 7,400 tonnes, an increase by more than 1,000 tonnes compared to 2015, and nearly doubling the amount in 2014.

CO<sub>2</sub> emissions resulting from the production of the plastic we use are equivalent to the emissions from our operations and transport activities combined. This means we can make a significant contribution to reducing resource use and tackling climate change by increasing the amount of safe, high-quality recycled plastic in our products.

Steel is the largest material we use by volumes, and is a significant source of CO<sub>2</sub> emissions. By shifting our supply from steel made from iron ore to scrap-based steel, we can make a significant reduction in our CO<sub>2</sub> footprint from materials. We have already begun this shift toward using scrap-based steel in North America, which has already reduced our steel carbon footprint considerably. The next step will be to identify sources of scrap-based steel in the other sectors.

### The approach

We have a Recycling Taskforce in place with representatives from each business sector, purchasing, R&D, production and product lines to define this promise's scope, targets and action points.



## Eliminate harmful materials

Our consumers can feel reassured that we're managing chemicals carefully and replacing those that cause concern.

### Our promise

Electrolux will protect people and the environment by managing chemicals carefully and continuing to replace those that cause concern.

### The roadmap to 2020

- Implement a best-in-class global system for improving the control of chemicals throughout our complex supply chain and work with suppliers to replace chemicals of concern.
- Raise the bar on chemical requirements, taking into account new scientific findings.
- Eliminate high-impact greenhouse gases from our products.

### The case for action

Today, the use of chemicals is on the increase. This means we need to be more aware than ever of the impact of chemicals on people and the environment.

We want consumers to feel reassured that Electrolux has a robust approach to choosing materials for its products, protecting human health and the environment. Customers, especially our larger customers, recognize this issue as well and are increasing their requirements on their suppliers, including Electrolux.

Most hydro fluorocarbons (HFCs) are gases with a high global warming potential, which makes them a priority for us to address. Electrolux uses HFCs in a few markets, mainly as refrigerants and for foam blowing. We are phasing out the use of HFCs in all our markets by 2020, which will reduce our CO<sub>2</sub> footprint by 14% compared with the 2005 baseline.

**This promise will contribute to our climate targets.**

### The approach

The Electrolux Global Chemicals Office coordinates and manages the chemicals listed on our Restricted Materials List throughout the Group and among our suppliers. Our environmental management process collates data on materials use on a site-by-site basis. Suppliers are required to adhere to our Restricted Materials List and report on their use of the substances of concern. Focusing



## Achieve more with less

We are reducing our own footprint by running efficient operations all around the world.

### Our promise

Electrolux will continue to reduce its environmental footprint by shifting to renewables, and optimizing the use of energy and other resources throughout its operations.

### The roadmap to 2020

- Improve energy efficiency at manufacturing sites and warehouses by 20% by 2020 (baseline 2015), engaging all facilities worldwide.
- Reduce water consumption in manufacturing by 5% every year in areas of water stress, until the site has reached optimal levels of efficiency.
- Attain energy management certification for our operations around the world.
- Increase the share of renewable energy for our operations to 50% by 2020.
- Implement a Zero Landfill program at all manufacturing sites by 2020.

### The case for action

Our efficiency promise applies to everything we do. We aim to run resource-efficient operations as an integral part of our work by applying leading edge practices. This reflects our values and what we stand for as a company – being part of the solution is important for both our employees and consumers.

Electrolux has been reducing energy, water and waste throughout our operations for many years through the

Green Spirit program. Improving energy efficiency at our manufacturing sites is saving more than SEK 425m every year through reduced energy costs, relative to 2005 levels.

Year on year, we have shown that ambitious targets drive performance. In 2015, we set a new five-year target of 20% to be achieved by 2020. This is the fourth time since 2007 that we set a mid-term target. In 2016, we improved our energy efficiency by 3% per unit produced compared with 2015. Between now and 2020, we will continue to improve efficiency, as well as increase our share of renewable energy, particularly at manufacturing sites where we already have high operational energy efficiency.

To minimize the waste being sent to landfill makes sense both from an environmental and financial perspective.

**This promise will contribute to our climate targets.**

### The approach

Operational energy and water management is coordinated and best practice is shared among manufacturing sites through our Green Spirit program. We have both relative and absolute targets for energy consumption. Action plans include energy management, technological investments and employee awareness raising and behavioral change. Each facility reports energy and water consumption data monthly, and this data is aggregated on a regional and global level. Performance indicators for the Group are followed up on a monthly basis.

All Electrolux sites are evaluated and certified annually according to the Green Spirit program criteria, which include energy performance, management, engagement and implemented actions. The program criteria are reviewed on an annual basis.



## Ensure the best health and safety

Our safety mindset means we're preventing accidents and keeping our people safe and sound, no matter where they are in the world.

### Our promise

Electrolux will be the leader on health and safety in the appliance industry, wherever we operate in the world.

### The roadmap to 2020

- Continue to reduce our global injury rate (TCIR) by at least 5% every year.
- Attain safety certification for our operations around the world.
- Integrate the Group's safety program into new acquisitions within three years of purchase.

### The case for action

The wellbeing of our colleagues is important. We have a duty of care toward every individual working for Electrolux, and we take this seriously. Our commitment applies wherever Electrolux operates in the world, and goes beyond local regulations.

Health and safety has long been a fundamental part of our values and it remains an essential element of our

sustainability agenda, with clear targets and processes in place to ensure real progress.

In addition, the wellbeing of our people affects our bottom line. Our approach to safety led to an estimated saving of over SEK 300m in 2016 compared with 2009, based on the average financial costs associated with injuries and the number of injuries that incur lost days.

### The approach

All employees and contractors in production are covered by a reporting system to track incidents and hours worked. During 2017, the safety management systems and processes within different business sectors will be aligned in a Group-wide approach.

All manufacturing sites have central safety committees that include workers and worker representatives. All employees receive safety training at their induction and annual training tailored to their function. Safety audits of all manufacturing sites have been split into two activities: a behavioral audit, carried out by line managers on a monthly basis, and a safety audit carried out by OHS engineers. Global Safety Day, which raises awareness among employees and demonstrates the management commitment to safety, is held every year throughout the Group.

Incidents are reported daily to site management, and to sector heads on a monthly basis. Performance is disclosed in group-wide data collection.



## Always act ethically and respect human rights

We continue to build an ethical, trusted company, where everyone impacted by our operations can feel confident that their rights are respected.

### Our promise

Electrolux will earn the trust of everyone impacted by our operations, demonstrating our commitment to ethics and human rights through our words and actions.

### The roadmap to 2020

- Develop and implement a cohesive, group-wide approach to human rights.
- Provide guidance to employees on how to do the right thing by promoting our Code of Conduct and Code of Ethics.
- Be responsive and respectful when dealing with issues of concern, building trust in our Ethics Program among employees.

### The case for action

Our company is built on trust, and that means our foundational values must underpin everything we do.

Wherever Electrolux operates in the world, we apply the same high standards of conduct: respect, diversity, integrity, ethics, safety and protecting the environment. We will respect the rights of everyone we interact with, regardless of their nationality, gender, ethnic origin, color, religion or other grounds for discrimination.

An ethical approach is vital to the success of our business. For example, a strong culture of ethics helps us avoid the potential detrimental impacts from a loss of stakeholder

trust resulting from corruption. These costs can be significant and are well worth avoiding. The World Economic Forum, for example estimates that corruption increases the cost of doing business globally by up to 10% on average.

Additionally, customers, investors and other stakeholders expect us to act ethically. Consumers are increasingly making purchasing choices based on whether a company is perceived as being trustworthy and whether it contributes to society.

Respecting human rights and being an ethical company goes beyond simply meeting legal requirements. It's about guiding employees to know what is right and wrong, and how to make decisions accordingly.

Our goals reflect our commitment to build a strong culture for ethics and human rights, no matter where we work in the world.

### The approach

Our Code of Conduct, Code of Ethics and Policy on Corruption and Bribery are the starting points for our work with ethics, anti-corruption and human rights. The Code of Conduct constitutes our human rights policy, and guides our efforts to assess, manage and mitigate the risks of non-compliance. It also helps define our expectations throughout the value chain. The Code was revised in 2014 to better reflect our responsibility to respect human rights, based on a corporate risk assessment, and to consider the expectations of employee representatives, customers and investors.

Accountability for the Ethics Program and oversight of Human Rights lies with the Ethics & Human Rights Steering Group, which comprises of representatives from Group Management. Human rights procedures engage many functions throughout our organization, from human resources to purchasing and compliance.



## Provide sustainable solutions for everyone

We are making efficient appliances accessible to more people, creating opportunities for a better life for everyone.

### Our promise

Electrolux will leverage its global presence to accelerate technology transfer to emerging markets.

### The case for action

When people emerge from poverty, one of the first things they buy is a fridge. Appliances, from ovens and

refrigerators to washing machines and vacuum cleaners, free people up to be more productive and enjoy their leisure time.

At the same time, we face serious challenges. Climate change and water scarcity will affect us all, and demand for natural resources will rise as the global middle class more than doubles by 2030.

Efficient appliances can play a key role in minimizing the use of energy and water in the home. As a global company, we have the opportunity to provide efficient and affordable solutions for the growing middle class.

**This promise will contribute to our climate targets.**

### The approach

This opportunity is currently decentralized. A Group-wide approach is to be announced.



## Be a force for good

By working together with the people around us, we want to make a difference for the better.

### Our promise

Electrolux will make a positive difference in our local communities, focusing on important social needs.

### The roadmap to 2020

- Establish and implement a Group approach to social investment, focusing on key strategic areas of need that fit with our business strategy.

### The case for action

Through our global reach and local presence, we have the opportunity to make a positive difference, benefiting our local communities, our employees and our business.

During 2016, we developed and launched a new approach to social investment, founded on the conviction that if we focus our efforts throughout our global organization we can have a much greater positive impact. This works best where we see a natural fit between the needs of the local community and our operations. The world is facing enormous challenges when it comes to food. For example, 1.3 billion tonnes of food is wasted every year<sup>1</sup>, 795 million people are undernourished<sup>2</sup>, around 200 million are unemployed<sup>3</sup>, and 22% of the world's greenhouse gas emissions are caused by the food sector<sup>4</sup>.

In other words, feeding the world's growing population sustainably is one of the greatest challenges of our time. As a world-leader in kitchen appliances, we believe

Electrolux has both a responsibility and an opportunity to positively contribute to issues related to cooking and food consumption. For this reason, we have decided to focus our social investment activities in the area of food. The objective is two-fold:

- Inspire better food consumption and cooking habits among consumers and professionals, by maximizing sustainable and healthy choices while contributing to a reduction of negative impacts.
- Support people in need – by putting better, more nutritious food on the table, providing advice on cooking on a tight budget, offering workplace education and supporting emergency relief efforts.

We want to achieve this by collaborating with Worldchefs, the world association of chefs' societies, AIESEC, a global network of young leaders focusing on world issues and leadership development, as well as with local partners.

### The approach

Our approach to social investment is locally owned and globally facilitated. The Feed the Planet partnership has a governing structure with partner organizations, including a Core Team and an Advisory Board. Local Electrolux project teams plan and implement the project in dialog with local Worldchefs and AIESEC members. The Core Team manages the day-to-day activities and contact with the local project teams. The Electrolux Food Foundation has a Board of Directors that reviews applications from the local project teams and makes decisions on funding.

A reporting system captures the key inputs and outcomes of the local projects.

<sup>1</sup> [http://www.un.org/sustainabledevelopment/wp-content/uploads/2015/08/Factsheet\\_Summit.pdf](http://www.un.org/sustainabledevelopment/wp-content/uploads/2015/08/Factsheet_Summit.pdf), Goal 12

<sup>2</sup> <http://www.fao.org/3/a-i4646e/i4646e01.pdf>

<sup>3</sup> <http://www.un.org/sustainabledevelopment/wp-content/uploads/2015/08/>



## Improve sustainability in the supply chain

Our products are to be made in the same way throughout our global supply chain – with respect for the people who made them and care for the environment.

### Our promise

Electrolux will ensure that all suppliers live up to our high expectations, no matter where they are located and we will support the transition to more sustainable practices.

### The roadmap to 2020

- Take a hands-on approach toward our direct suppliers of components, finished goods, licensed products and services. Engage selectively further up the supply chain and promote responsibility among all suppliers toward their own supply chain.
- Screen prospective suppliers to ensure they can live up to the Group's expectations.
- Increase awareness and capabilities among our prospective and existing suppliers through training and dialogue.
- Drive the improvement of supplier ecological footprints.
- Leverage our influence over logistics companies to improve the CO<sub>2</sub> efficiency of our transportation by 15% by 2020.

### The case for action

Electrolux has high standards for environmental, labor, anti-corruption and human rights practices, which we also expect our suppliers to live up to.

As a global company, we have a duty to drive improvement in this area, especially as more of our business is conducted in emerging markets. Our responsible sourcing program has been ongoing since 2006, and we introduced even stricter audit standards in 2015.

From our own experience, we know that raised sustainability performance, particularly in health and safety and energy use, improves the bottom line. We want to pass on this knowledge by working together with our suppliers to strengthen relationships, and ultimately create mutual benefit.

Electrolux emits more CO<sub>2</sub> in distributing its goods than is emitted through the energy consumed in Group operations: about 300,000 tons are emitted through the global transportation of goods via sea and air, as well as land transportation in Europe, North America and Brazil.

This promise will contribute to our climate targets.

### The approach

In 2016, Electrolux renewed its Global Purchasing strategy to further increase the emphasis on supply chain sustainability. With the 2020 Sustainability target in mind, focus will be on the sustainability performance of purchased materials and solutions, as well as the sustainability performance of our supply chain partners.

The Group's standard supplier business contract requires that every supplier acknowledges and promises to fulfill our high expectations on sustainability. All suppliers, both local and global, are expected to live up to our Code of Conduct and Workplace Standard. Purchasing teams ensure that meeting these standards is a mandatory part of evaluating prospective and existing suppliers. To support auditing and performance monitoring, the Responsible Sourcing Program provides training for global and local purchasers and suppliers in Latin America, Europe, the Middle East and Africa, and the Asia-Pacific region.

Serious non-compliances are reported to the top management in each region. Purchasing is involved in the remediation of audit findings and on-line training is available for staff and suppliers. Non-compliances are addressed through mandatory corrective actions, as well as beyond compliance support activities such as training and capacity building.

We also work to reduce carbon emissions throughout our value chain. We are taking our internal approach to monitoring and reducing energy consumption and applying it to the key members of our supplier base.

Furthermore, since Electrolux emits more carbon distributing than producing goods, we seek to influence the logistics industry in our role as a purchaser of transport services.

We are rolling out a group-wide system for gathering and tracking transport data throughout our markets and evaluate the environmental performance of road freight carriers. As of 2014, all shipping companies must be members of the BSR Clean Cargo initiative.

# Our climate targets

Focusing on our major impacts, we will prevent millions of tons of carbon dioxide and its equivalents (CO<sub>2</sub>e) from entering the atmosphere.

## Our target

Halve the Group's climate impact, preventing the release of 25 million tonnes of carbon dioxide and its equivalents (CO<sub>2</sub>e) over 15 years – between 2005 and 2020.

## The roadmap to 2020

- Be a leader in product efficiency in our most important markets.
- Eliminate high-impact greenhouse gases from our products.
- Improve efficiency throughout our operations and supply chain.
- Increase the share of renewable energy to 50%.

At present, the target covers our largest markets: Europe, North America, Brazil, China and Australia. We know there will be barriers to achieving this goal – but we're prepared to invest, innovate and influence the marketplace in order to break them down.

During 2016, Electrolux committed to set Science Based Climate Targets, a global initiative headed by CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and the World Wildlife Foundation (WWF). The purpose of the initiative is to demonstrate the business

case for ambitious target setting. The initiative enables companies to set targets consistent with the level of decarbonization required by science to limit global warming to less than 2°C, compared to pre-industrial temperatures.

## The case for action

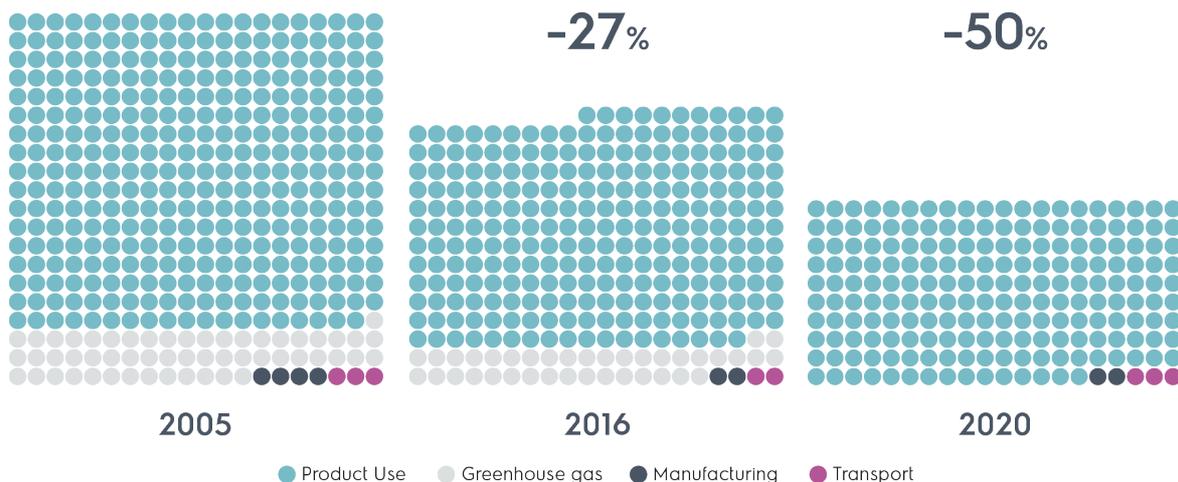
Tackling climate change by reducing greenhouse gas emissions is among the greatest, most urgent challenges society is facing. We are reducing CO<sub>2</sub> emissions from manufacturing at our own facilities, the transport of finished products, and the energy consumed during their use.

Over 80% of our climate impact is caused when energy is consumed during the use of our products. This means we can make our greatest contribution to tackling climate change by ensuring our products are more energy efficient.

We can also make a difference by eliminating the use of hydro fluorocarbons (HFCs) when manufacturing refrigerators, air conditioners and products with heat pumps. HFCs are gases with a high global warming potential, still used in some countries due to regulatory or market barriers to alternative gases.

## Climate targets 2020

We've reduced the total carbon footprint, including product use, by 27% since 2005



Distribution of Electrolux CO<sub>2</sub> emissions organized by category (Product use; Greenhouse gas; Manufacturing and Transport). Electrolux can best contribute to remediating the climate change challenge through efficient products.



## Constantly improve product performance and efficiency

### Progress on our promise

Electrolux will improve the energy and water performance of our appliances, raising the bar for product efficiency around the world.

#### The roadmap to 2020

Be a leader in product efficiency in our most important markets by 2020.

Continue to develop products with good environmental performance, with focus on energy efficiency.

Continue to drive the market for efficient products through awareness-building customer and consumer campaigns.

#### Next steps

● Preparing for energy labeling and raised energy-efficiency standards in the EU and for refrigeration in Australia.

Include targets for Electrolux Professional.

● Further integration into product R&D. Continue to spend one-third of our R&D budget on sustainable product innovation, in terms of water and energy efficiency.

● Continue to develop consumer and customer engagement initiatives to drive the uptake of efficient solutions.

- On track
- Additional effort is required
- Off track
- Work has not yet begun

### How we measure progress

1. Fleet average (the energy efficiency of Electrolux products available) in key markets.
2. Progress on product-related contributions to the Climate Target 2020.
3. Percentage of R&D budget spent on sustainability-related innovation.

Strong focus on product efficiency has proved a profitable strategy for Electrolux in key markets, especially in Europe. Our approach is now embedded in processes throughout all regions and product categories, to make water and energy efficiency a defining feature of our product offering. This includes planning for the future development of efficient appliances.

Year on year, Electrolux has demonstrated the value of efficient products. In 2016, the global green range of our most energy- and water-efficient products accounted for 20% of total units sold and 28% of gross profit for consumer products. Every year we raise the bar in terms of the criteria used to evaluate the products included in the Green Range. Efficiency is a priority across all product categories, and each major category has 2020 targets in place for its markets, as well as indicators to track progress.

The global approach to product design and modularization is crucial for stepping up the level of ambition across the product categories. Over the years, Electrolux has been investing about a third of its R&D spend on product efficiency – this year, approximately SEK 1,050m (1,070m) – and more and more global projects are in the pipeline. Every year, we communicate how efficiency has improved in each product category by measuring our fleet average.

The profitability and choice of products going to market is determined on the local level, based on energy-efficiency requirements and consumer demand. Of our key markets, Europe, the US, Brazil and some Asia-Pacific countries currently have efficiency requirements in place, with varying levels of ambition. According to our own 2014 consumer research, engagement levels are high in Europe and are increasing in the US.

In Europe, which represents 30% of total Group sales, energy efficiency has improved by an average of 3% per year since 2012 (see graph EU Fleet Average below), and Electrolux is well established in the efficiency race in the region. Our leadership position is also evident in fabric care and across markets for food preservation, both of which are high-volume categories.

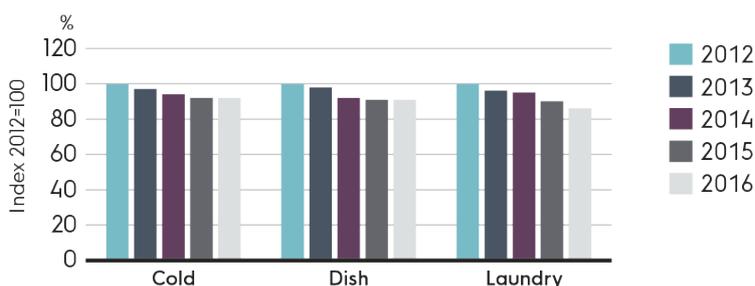
**The challenges**

- In markets lacking energy labels, our key challenge is developing a credible means of communicating leading product performance to consumers.
- With efficiency levels already high in Europe, the cost of further product improvements is increasing, while the absolute efficiency savings that are achievable become smaller.
- Different countries have different standards to measure energy efficiency. In this fragmented landscape, it is more difficult to apply best practice worldwide.

Engaging in dialogue directly with consumers on the value of using appliances optimally and efficiently will help us overcome these challenges. Examples during the year include the communications around the Tasteology documentary on food, the AEG laundry range launch in Europe as well as the launch of MyPro semi-professional laundry range.

In Europe, Electrolux continuously improved its energy efficiency across three product categories in 2016. The energy index is set at 100% for 2012.

**EU Fleet average**



In Europe, Electrolux continuously improved its energy efficiency across three product categories in 2016. The energy index is set at 100% for 2012.

## Global green range

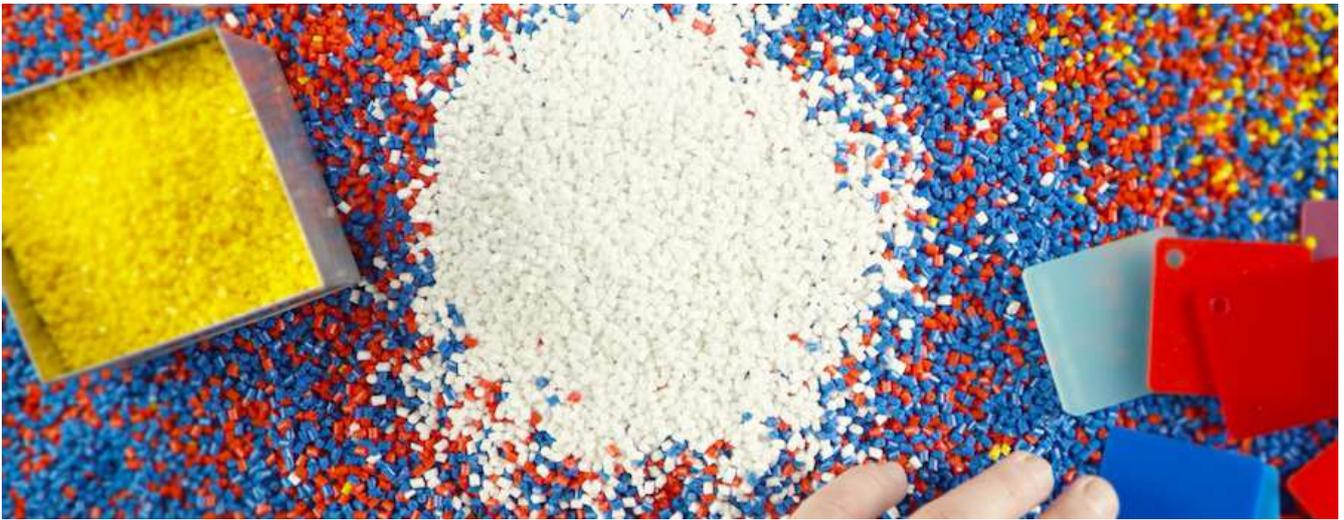
# 20%

Consumer products with the best environmental performance accounted for 20% of total units sold

# 28%

and 28% of gross profit

The global green range accounted for 20% of total units sold and 28% of gross profit for consumer products.



## Make better use of resources

### Progress on our promise

Electrolux will make better use of resources by using more recycled materials, and helping to promote the market for recycling.

#### The roadmap to 2020

Replace virgin materials with recycled materials in our products.

Adapt product design to further increase the use of recycled material.

Increase the volume of recycled plastic to 20,000 tonnes annually.

Increase amount of scrap based steel in our production.

#### Next steps

● Expand strategic partnerships with suppliers.

Leverage experience from Europe in other regions.

● Explore and adapt design to incorporate recycled materials.

Assess the possibilities of increasing the share of recycled materials in already approved applications.

Assess new components.

● Focus purchasing and R&D efforts to enable the introduction of additional sources of recycled plastic.

● Investigate potential for replicating successful action in North America by investigating the supply of scrap-based steel in other sectors.

- On track
- Additional effort is required
- Off track
- Work has not yet begun

### How we measure progress

- The proportion of recycled plastic of total amount thermoplastics we buy.<sup>1</sup>
- The carbon footprint of the steel we buy versus our 2012 baseline.

There is a continued growth of recycled plastic in Europe, with more potential identified in North and Latin America as well as in Asia-Pacific.

Our use of recycled plastics is rising steadily. From just over 6,000 tonnes in 2015, we reached about 7,400 tonnes in 2016. This is 20 times more than in 2011 when reporting started. Our objective for 2020 is to achieve 20,000 tonnes of recycled plastic per year. So far, the biggest shift has taken place in Europe, while we expect that our sectors in North America, Latin America and Asia Pacific will contribute more to the future increase.

### The business case

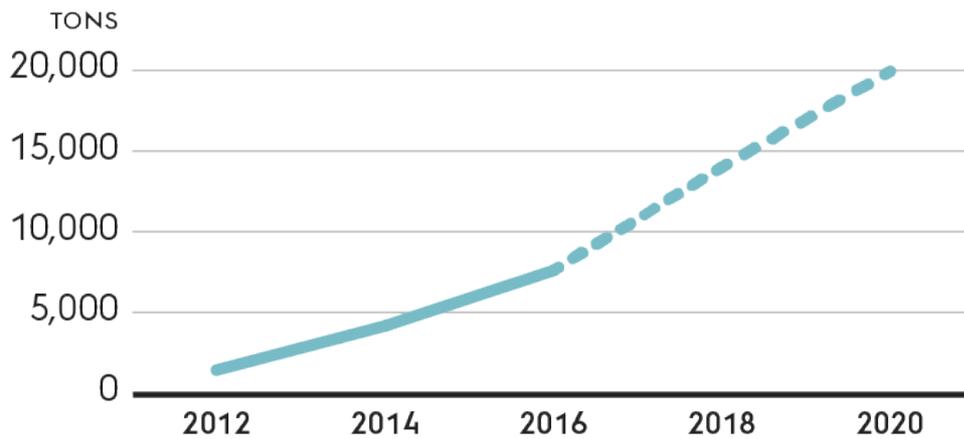
Electrolux has developed applications for recycled plastics over the last five years - transforming post-consumer plastics into a high-quality plastic that is optimized for use in appliances. We are also exploring more complex applications, and redesigning components to suit recycled material.

### The challenges

- Traceability of the source of plastics.
- Securing consistent, safe, high-quality material.
- Access to sufficient volumes

Overcoming these challenges requires strategic partnerships with suppliers of recycled plastic and strong internal capabilities. Specific requirements have been added to the Electrolux Restricted Materials List, covering our restrictions on hazardous substances.

### Amount of recycled plastic (Tonnes)



Electrolux increased its use of recycled plastic by more than 50% per year on average since 2012, achieving 7,400 tonnes in 2016. The forecast is that we can reach about 20,000 tonnes annually by 2020. Solid line: performance up until 2016; dotted line forecast until 2020.

### Increasing the share of recycled steel and drastically lowering the carbon footprint

Carbon steel can be made from iron ore, steel scrap or a mix of the two. In addition to making use of scrap, recycled steel releases much less CO<sub>2</sub> per tonnes produced. Electrolux has increased the amount of recycled steel from 7% in 2013 to 22% in 2016, which has reduced the average carbon emissions per tonnes of steel from 2.1 to 1.8 tonnes of CO<sub>2</sub>, and the total CO<sub>2</sub> emissions by 170,000 tonnes.

<sup>1</sup> We do not include polyurethan foam in the target since there are today no viable recycled alternatives for PU foam.



## Eliminate harmful materials

### Progress on our promise

Electrolux will protect people and the environment by managing chemicals carefully and continuing to replace those that cause concern.

#### The roadmap to 2020

Implement a best-in-class global system for improving the control of chemicals throughout our complex supply chain and work with suppliers to replace chemicals of concern.

Raise the bar on chemical requirements, taking into account new scientific findings.

Eliminate all high-impact greenhouse gases from our products.

#### Next steps

● Complete the implementation of Eco@web for Asia Pacific, Small Appliances and Professional Food Service Equipment

● Annual update of the Electrolux Restricted Materials List

● Phase-out foam blowing agents and refrigerants in air conditioning, food preservation and fabric care globally.

- On track
- Additional effort is required
- Off track
- Work has not yet begun

### How we measure progress

1. Level of implementation of Group chemical management tool Eco@web throughout the organization.
2. Annual update of the Electrolux Restricted Materials List.
3. Progress on the phase-out of high impact greenhouse gases.

At Electrolux, and among our customers and consumers, we see a shift in the way society views chemicals and their impacts on health and the environment

The Electrolux Chemicals Office is a central function, which drives the global phase-out of chemicals that may cause concern for customers and consumers or potentially impact the environment. It works throughout our operations and our supply chain. As part of the implementation, Eco@web, an online database system, collects information from suppliers about the chemicals used in our products and components.

We continually raise the bar on the level of acceptance on the chemicals used in our products, sharing best practice around the world and anticipating legal restrictions.

We're taking action to replace high-impact greenhouse gases (hydro fluorocarbons or HFCs) with lower impact alternatives. With rising sales of air conditioners, it is especially important to ensure the prompt replacement of high-impact greenhouse gases, which make this ambitious goal crucial to our sustainability agenda.

At Electrolux Australia, as well as in countries in Asia, the phase-out of HFCs in refrigerators was completed ahead of legislation, and we are in the process of doing the same in other markets, such as China and Brazil. A large manufacturing site in the US has already replaced the HFC blowing agent with cyclopentane, anticipating legal requirements. Other North American operations will follow suit by 2020.

In 2005, gases with a high global warming potential accounted for 14% of the total CO<sub>2</sub> emissions. The goal, as part of our climate targets, is their complete elimination. Some ozone-depleting refrigerants are still used in small amounts in air conditioners and work is ongoing to phase out these substances.

#### **The challenges and barriers**

- Driving the phase out of chemicals where it is not supported by regulation.
- Substituting HFCs in air conditioners, where there are no common industry solutions available and where suppliers play an important role.
- Replacement of HFCs as a refrigerant in the US, where safety regulation limits the use of alternatives.

Replacing HFCs needs to be driven industry-wide, because solutions are dependent on legislation that enables viable alternatives.



## Achieve more with less

### Progress on our promise

Electrolux will continue to reduce its environmental footprint by shifting to renewables, and optimizing the use of energy and other resources throughout its operations.

#### The roadmap to 2020

Improve the energy efficiency of manufacturing sites and warehouses by 20% by 2020 (baseline 2015), engaging all facilities worldwide.

Reduce water consumption in manufacturing by 5% every year in areas of water stress, until the site has reached optimal levels of efficiency.

Attain energy-management certification for our operations around the world.

Increase the proportion of renewable energy for our operations to 50% by 2020.

Implement Zero Landfill program at all manufacturing sites by 2020.

#### Next steps

● Continue to drive energy efficiency in our operations through our Green Spirit certification process.

Replace inefficient equipment with more efficient models.

Improve and optimize the use of existing manufacturing equipment.

● Continue to drive water management and replace inefficient equipment and processes with more efficient models.

● Attain global certification for energy management according to ISO50001 by 2018.

● As of 2016, 13 manufacturing sites in Europe switched to renewable electricity. Evaluate and set a plan for the other regions.

● Expand current pilot program from 4 to 10 factories in total.

- On track
- Additional effort is required
- Off track
- Work has not yet begun

## How we measure progress

1. Energy efficiency (energy used per unit produced).
2. Water efficiency (water used per unit produced).
3. Proportion of manufacturing sites with a certified energy management system.
4. Proportion of renewable energy.
5. Number of factories where the Zero Landfill program is implemented.

**Through ambitious targets and by integrating our goals into the Group's manufacturing system, we've demonstrated real progress in reducing our CO<sub>2</sub> footprint in our operations.**

Year on year, we have shown that ambitious targets, together with integrating our strategy into Electrolux Manufacturing System, considerably reduces our CO<sub>2</sub> footprint. Average energy consumption per unit produced has decreased by 3% since 2015, and in the same period the average CO<sub>2</sub> emissions per unit has decreased by 25%. The improvement in CO<sub>2</sub> in Europe is the result of a shift to renewable electricity. But the benefits don't stop there: had we maintained the same relative energy levels as in 2005, Electrolux would have had to pay SEK 425m in 2016 in additional energy costs.

Since 2005, our performance has resulted in decoupling revenue growth from CO<sub>2</sub> emissions. We have achieved a savings of 293,000 tonnes of CO<sub>2</sub> equivalent in operations between 2005 and 2016, while the Group's revenue has increased by 20%. This represents a 50% reduction in absolute CO<sub>2</sub> emissions compared to 2005.

This year, our efforts have focused on efficiency investments and their further integration into our operations and throughout our supply chain. We have:

1. Implemented our Energy Action Plan, including individual annual targets per plant, with 2015 as a

baseline. We have committed to a 20% energy reduction by 2020, and a 5% reduction in water consumption per year for manufacturing sites in water-stressed regions.

2. Formulated an investment strategy for energy-efficient equipment and processes.
3. Set a new target to reach 50% renewable energy by 2020.
4. Gathered energy data from 56% of our OEM supplier base. Our ambition is to encourage key suppliers to set their own targets for energy reduction.

The ISO 50001 energy management system has been implemented at 3 Electrolux sites to date, and several more are in the process of certification.

In 2016, 13 Electrolux manufacturing sites in Europe procured 100% of their electricity from renewable sources, which reduced our total emissions in Europe by 60%, and 20% as a Group.

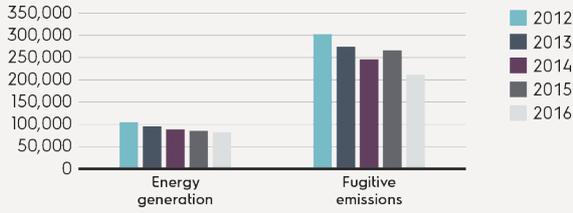
The Zero Landfill program spread in 2016. Four pilot factories, in Europe, North America, Latin America and Asia Pacific, have started implementing the program. The program focuses on the re-use of materials and waste reduction by identifying waste generation points and opportunities for material re-use.

### The challenges

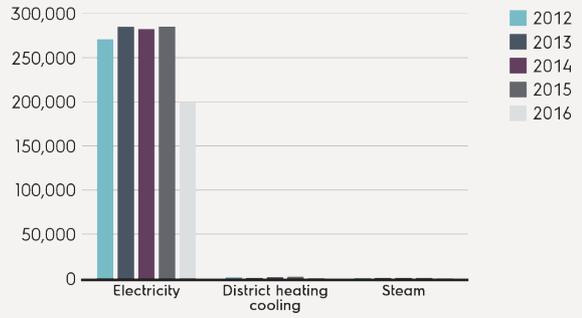
In the last decade of reducing our energy use, we have prioritized investments with optimal payback periods.

As our performance improves, it is becoming increasingly challenging to realize new savings with good payback periods. We are ready to raise our level of ambition with the use of renewable energy sources, such as hydro, solar, wind and biomass. We will also apply the lessons learned from existing onsite renewable installations and explore new projects around the world.

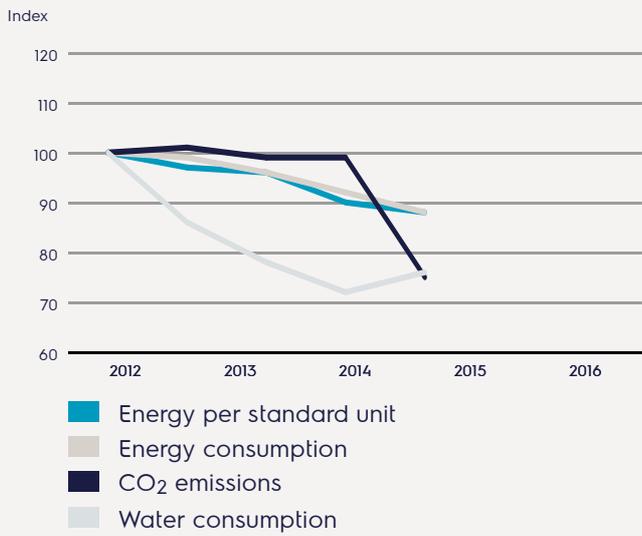
**G4-EN15 Total direct and indirect greenhouse gas emissions by weight**



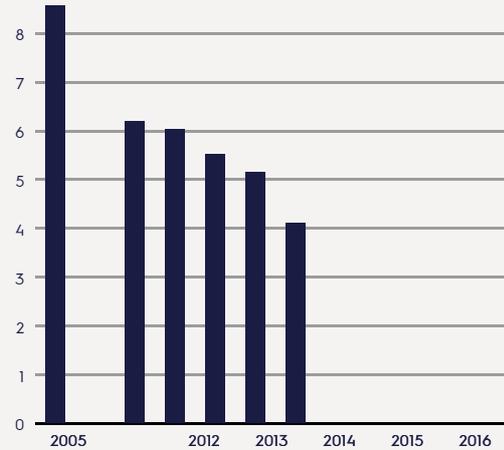
**G4-EN16 Indirect greenhouse gas emissions by weight**



**OPERATIONAL RESOURCE EFFICIENCY**



**G4-EN18 Greenhouse gas (GHG) emissions intensity Scope 1<sup>1)</sup> and Scope 2 emissions per net sales (CO<sub>2</sub> tonnes/SEKm)**



1) Fugitive emissions included. These are derived from use of HFC gases for cooling in facilities, refrigerants in products and as foaming gases.

Since 2005, our performance has resulted in decoupling revenue growth from CO<sub>2</sub> emissions. We have achieved a savings of 293,000 tons of CO<sub>2</sub> equivalent in operations between 2005 and 2016, while the Group's revenue has increased by 20%.



## Ensure the best health and safety

### Progress on our promise

Electrolux will be the leader on health and safety in the appliance industry, wherever we operate in the world.

#### The roadmap to 2020

Continue to reduce our global injury rate (TCIR) by at least 5% every year.

Attain safety certification for our operations across the world.

Integrate the Group's safety program into new acquisitions within three years of purchase.

#### Next steps



To be aligned with the launch of new ISO 45001 standard.

 On track

 Additional effort is required

 Off track

 Work has not yet begun

### How we measure progress

1. Global injury rate (TCIR)
2. Lost days due to injury (LCIR)

We continued our efforts to ensure the safety of our people, with ambitious goals and creative ways of engaging our teams. The results speak for themselves.

Since 2012 our incident rate has declined by 49% across the Group.

First-class health and safety practices are an essential step for building trust among employees, their families and local communities. Our work with OHS (Occupational Health & Safety) focuses primarily on the safety of workers in production and also raises awareness of the health and wellbeing of office workers.

Our current global injury rate (TCIR) of 0.6 compares favorably with other well-known benchmarks, as reported in publicly available sources. 72% of our manufacturing sites have achieved a rate below 1.0. Even though our performance is already high, we have an ambitious target in place: to reduce our global injury rate (TCIR) by at least 5% every year.

Units managed through our Global Industrial Operations have a safety program in place. This year they focused on:

1. **Transferring our thinking to suppliers.**  
We have created a global process to address contractors working at Electrolux facilities with training and risk evaluation. This started in 2016 and will be completed in 2017.
2. **Defining and following up a First Aid Injury Rate (FAIR) target for each manufacturing site.**  
The FAIR indicator is calculated for factories and followed up monthly. The trend in 2016 indicated an 49% improvement compared with 2015.

**The challenges**

- The most significant health and safety risks occur in warehouses, where many employees are contractors.
- Our ambition is to apply the same OHS management system throughout the Group and among contractors by 2017.

**LA6X - Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region**

	2016	2015	2014	2013	2012
Number of work-related injuries	247	386	401	434	497
Injury rate <sup>1</sup>	0.6	0.9	0.9	1	1.1
Number of workdays lost due to occupational injuries	3,814	4,729	3,088	5,677	10,991
Lost day rate <sup>1</sup>	9	11	7	13	25
Number of work-related fatalities	0	1	0	0	0

<sup>1</sup> per 200,000h

2016	Number of work-related injuries	Injury rate <sup>1</sup>	Number of workdays lost due to occupational injuries	Lost day rate <sup>1</sup>	Number of work-related fatalities
Asia Pacific	5	0,06	0	0	0
EMEA	75	0,54	1,991	13	0
Latin America	39	0,50	608	8	0
North America	128	0,90	1,215	9	0
<b>Group Total</b>	<b>247</b>	<b>0,6</b>	<b>3,814</b>	<b>8</b>	<b>0</b>

<sup>1</sup> per 200,000h



## Always act ethically and respect human rights

### Progress on our promise

Electrolux will earn the trust of everyone impacted by our operations, demonstrating our commitment to ethics and human rights through our words and actions.

#### The roadmap to 2020

Develop and implement a cohesive, group-wide approach to human rights.

Provide guidance to employees on how to do the right thing by promoting the Code of Conduct and Code of Ethics.

Be responsive and respectful when dealing with issues of concern, building trust in our Ethics Program among employees.

#### Next steps

● Develop and pilot a local human rights impact assessment in 2017.

● Achieve global rollout of the Ethics at Electrolux program.  
Continue the rollout of the Code of Conduct educational campaign, with the aim of reaching all employees.

● Work to improve the degree of employee trust in the Ethics Helpline in those countries with low scores in the 2016 employee engagement survey.

Further develop our process for handling Ethics Helpline cases, through shared learning and common principles of integrity and confidentiality.

- On track
- Additional effort is required
- Off track
- Work has not yet begun

### How we measure progress

1. Share of Electrolux employees covered by the Ethics Helpline.
2. Share of women in Tier 2 and Tier 3 positions.
3. Level of trust in the Ethics Helpline according to our employees.
4. Level of understanding of the Code of Conduct by our employees.

The nine Electrolux promises reinforce the importance of human and labor rights, ethics and anti-corruption.

### Building a cohesive approach to human rights

The aim of our work with human rights includes providing a safe environment where workers are free from harassment or discrimination, providing fair working conditions for employees and respecting their freedom of association.

In 2016, we identified and assessed our human rights risks at the corporate level, involving a cross-section of approximately 40 Electrolux representatives from different regions, sectors and functions. The assessment activities included web-based surveys and workshops. The resulting human rights risk profile was presented to the Ethics & Human Rights Steering Group, the CEO and the sector heads for final approval. Our next step will be to develop and pilot a framework for local assessments.

Furthermore, the governance model for human rights was established and agreed during 2016. Labor rights is a central part of our human rights agenda, and 42 of 49 Electrolux sites have labor and management committees in place to allow dialogue on issues of mutual interest. Additionally, all sites have occupational health and safety committees. Constructive dialogue with employees helps us address the concerns of our employees at an early stage and handle potential labor issues at site level.

#### **Providing guidance to employees**

We have been working to build on and communicate ethics and human rights throughout the company, through both the Ethics at Electrolux program and training on specific Group policies. The Ethics at Electrolux program began its rollout in 2011, and includes training on a wide range of ethics-related topics. In 2015, we launched more in-depth training campaigns on our Code of Conduct and our policies on anti-corruption and anti-trust, which continued in 2016.

In 2016, approximately 3,000 employees and line managers took part in our Code of Conduct e-learning training, corresponding to approximately 1,500 hours of training. This is in addition to the 10,000 employees who were trained in 2015. As per the results of the employee engagement survey in 2016, 85% of employees believe they have a high level of understanding of what is expected of them in terms of the Code of Conduct.

The Group-wide e-learning courses on anti-corruption and anti-trust was also made available to employees in 2015, and so far over 13,000 employees have completed the e-learning courses on Corruption & Bribery and Anti-Trust. The completion rate among managers is currently 85% and efforts are being made to increase this proportion. Additionally, in the US, where local e-learning programs are launched, 3,875 online training sessions were completed in 2016. These initiatives complement the tailored training that certain functions such as sales, procurement and senior management receive. Such face-to-face training sessions have been conducted locally throughout the organisation by either inhouse legal counsel or by external experts. Training requirements are continuously monitored and evaluated based on business needs, and the legal and risk context. In total, employees

engaged in approximately 7,400 hours of e-learning on these topics.

The participation level for the Code of Conduct e-learning, and for the Group-wide anti-corruption and anti-trust e-learning is below our expectations. We plan to implement a global e-learning management system, which will improve our capabilities for systematic follow up.

#### **Dealing with concerns**

Through the Ethics at Electrolux program, we encourage employees to speak to their manager, HR department or another relevant person in the organization if they wish to report an incident. Or, if more comfortable for them, they can use our whistle-blowing system, the Ethics Helpline (Alertline in North America) where incidents can be reported in local languages. By the end of 2016, 99% of our employees had access to the whistle-blowing system. In 2016, the system was rolled out in France, the last remaining major country.

This year, 151 (153) cases were reported through the whistle-blowing system. 78 (48) cases were considered as beyond the scope of the Helpline, or lacking sufficient detail to enable investigation. 73 (105) reports led to investigation. The majority of the reports related to discrimination and harassment, such as the use of abusive language or disrespectful behavior. This type of misconduct most often resulted in warnings and retraining. A large proportion of the cases falls into the category 'Other'. This category includes, for instance, practices linked to working hours, compensation and promotion, as well as inappropriate behavior in the workplace. In total, four people were dismissed from the company as a consequence of investigations into Helpline cases. (See graph).

The employee engagement survey in 2016 indicates there is room to improve our employees' trust in the Ethics Helpline (67% of employees are positive toward the Helpline). The results are being analyzed and measures will be taken in 2017.

#### **Supporting diversity**

At Electrolux we want all women and men to have the same rights and obligations, as well as equal opportunities for development and career progression to leadership positions. Our overall gender split is 35% women and 65% men. In 2012, we set Group objectives to increase female representation in Tier 2 positions (reporting to a Group Management member) to 25%, and in Tier 3 positions (reporting to Tier 2) to at least 30% by 2017 (revised from 2015). Electrolux aims to continuously improve the number of female leaders at all levels across all functions, and seeks female applicants for every position as part of the recruitment process.

At the end of 2016, 25% (23) of Tier 2 managers and 27% (27) of Tier 3 managers were women, meeting the Tier 2 target but falling short of the Tier 3 target. New targets have been agreed: 30% of Tier 2 managers and 35% of Tier 3 managers shall be women by 2020. As part of a dedicated pilot project in 2017, we will focus on attracting, developing and retaining more female qualified candidates for first time leadership roles and project management positions in our core business.

Our partnership with AIESEC, an international platform for young people to explore and develop their leadership potential, allows us to tap into a diverse talent pool by offering internships throughout our Global industrial operations. At the year end, Electrolux had 50 interns, 56% were women and 44% men. The total number of nationalities represented by all interns so far in the program is 73, and the total global retention rate for interns is 74%. We will continue our work on creating awareness of our sustainability priorities and ambitions, and focus on finding talent within the areas of Science,

Technology, Engineering and Mathematics together with AIESEC (STEM pilot program).

#### The challenges

- Developing our corporate culture, bridging different countries and diverse backgrounds in a matrix organization.
- Improving labor conditions: Audits point to recurring non-compliance with working hour restrictions.
- Raising the bar on diversity: Identifying barriers to greater gender diversity among senior managers.

The majority of the cases related to ‘discrimination and harassment’, involved the use of abusive language or disrespectful behavior. ‘Other’ includes cases that cannot easily be categorized into one area, and are often a mix of allegations of misconduct, such as practices linked to working hours, compensation and promotion, and inappropriate behavior in the workplace. ‘Business integrity’ includes cases relating to anti-corruption, fraud, theft and anti-trust.

#### Key findings of the 2016 Employee Engagement Survey

Survey statement	Proportion of non-production employees responding positively to the statement	Proportion of production employees responding positively to the statement	Proportion of total workforce responding positively to the statement
I understand how I am expected to act in order to follow the Code of Conduct	94%	80%	85%
The concerns reported through the Ethics Helpline/Alertline are handled confidentially and fairly	76%	62%	67%
At Electrolux, people with diverse backgrounds, styles and approaches have equal opportunities for development	72% (68)		72% (68)
At Electrolux, equal treatment of employees is both supported and promoted	72% (67)	48% (37)	57%

The level of understanding of the Code of Conduct is high amongst employees, but the level of trust in the Ethics Helpline needs to be addressed in several regions. The questions on diversity and equal treatment indicate an improvement compared with last year, whereas production employees are less positive in this area.



## Provide sustainable solutions for everyone

### Progress on our promise

Electrolux will leverage its global presence to accelerate technology transfer to emerging markets.

### How we measure progress

- To be announced.

The need for energy efficient appliances among the growing middle class in emerging markets is evident. Our objective is to develop global platforms with a high degree of modularization to deliver affordable products with good environmental performance.

The success of this promise lies in delivering an attractive product that meets consumer needs, brand and distribution, as well as the right market conditions to emphasize the value of efficiency. At the local level in Asia, South America and the Middle East, Electrolux is developing solutions that help the growing middle class gain access to efficient appliances.

The race toward energy efficiency is a major trend. It is driven by consumer demand and our desire to manufacture sustainable products.

Through our global technology platform, we are better able to bring efficient appliances to market cost effectively.

Electrolux has been providing efficient products to the growing middle class of Brazil for quite some time. In our 2014 brand survey among mass-market consumers, Brazilian respondents underlined the importance of minimizing their use of water, a priority that has increased significantly since 2012. The Electrolux brand is the most strongly associated with this priority.

A new range of refrigerators, aimed at the mass market in Australia and New Zealand, offers 25% and 35% reduction in energy consumption.

Electrolux also plays an active role in United for Efficiency, a UNEP-led project to develop recommendations on how emerging markets can 'leapfrog' to greater energy efficiency. The program aims to advise governments on areas such as energy labeling, incentive programs, and the disposal of redundant refrigerators.

### The challenges

- Organizational alignment across relevant markets in order to leverage our global platforms for this aim.



## Be a force for good

### Progress on our promise

Electrolux will make a positive difference in our local communities, focusing on important areas of social needs.

#### The roadmap to 2020

Establish and implement a Group approach to social investment, focusing on key strategic areas of need that fit with our business strategy.

#### Next steps

● Implement local and global projects supported by the Electrolux Food Foundation and the partnership with Worldchefs and AIESEC – learn, replicate and scale-up.

- On track
- Additional effort is required
- Off track
- Work has not yet begun

### How we measure progress

- Number of projects implemented, with the support of Electrolux Food Foundation and the Feed the Planet partnership.
- Outcome metrics, including people reached, people trained, meals served, etc, in line with local project targets.

As a sustainability leader in our industry, we believe we have the responsibility and opportunity to make a positive difference, not only for those directly affected by our activities, but also in our local communities. To maximize the positive impact of our efforts, we focus on food related challenges.

During 2015 and 2016, we developed our approach to social investment, engaging in dialogue across sectors, regions and functions and involving external partners, to determine how best we can make a positive difference in our local communities. This led to the launch of two key initiatives during the year:

- The Electrolux Food Foundation: With an initial investment of SEK 10m, the Foundation will support local and global Electrolux projects that tackle food related challenges.
- The Feed the Planet partnership: Through this partnership, projects can access expertise, skills and manpower from the two partnering organizations Worldchefs, organizing over 10 million chefs worldwide, and AIESEC, a global network of young leaders focusing on world issues and leadership development.

One of the aims of our approach to social investment is to encourage local business units and employees to engage in projects. This is to further strengthen our corporate culture and employee pride in working for a socially responsible employer. Part of the vision is to have local Electrolux, Worldchefs and AIESEC volunteers working side by side to have a real impact on communities. In particular, projects focusing on one or more of the below areas are incentivized through the Electrolux Food Foundation and the Feed the Planet partnership:

- Consumer education and awareness campaigns, to help people make more sustainable and/or healthy food choices, reduce waste and minimize the environmental impact from food consumption.
- Professional education and the qualification of people in need, to help them get a job and thereby put food on the table for themselves and their families.
- Citizen food initiatives, providing cooked, nutritious meals at affordable prices to less privileged people.

Four local and two global projects were approved for funding through the Electrolux Food Foundation in 2016, all driven by the Feed the Planet partnership:

- **Asia food waste program**  
Ongoing regional program aiming to encourage consumers to think about food waste and change their behavior, whilst at the same time supporting people in need through collaboration with foodbanks and other not-for-profit institutions. The program also develops educational materials, including recipes to minimize food waste together with Worldchefs.
- **Curitiba, Brazil**  
Establishing an educational kitchen with a program to train under-privileged youth to work in professional kitchens. The initiative has involved collaborating with Worldchefs, AIESEC, and Fundação de Ação Social.

- **Sweden**  
Supporting a project led by the not-for-profit organization Stockholms Stadsmission, aimed at reducing food waste through setting up a social restaurant that provides affordable meals and empowers unemployed people through labor integration in the restaurant. Electrolux focuses on promoting sustainable food consumption and cooking, together with Worldchefs and AIESEC.
- **Poland**  
Working together with Worldchefs and the Polish not-for-profit FoodSharing on a project aimed at raising awareness of bad food consumption habits and inspiring positive changes through a series of workshops and awareness campaigns.
- **Worldchefs without Borders**  
Supporting the humanitarian arm of Worldchefs.
- **Sustainability curriculum for chef schools**  
Supporting Worldchefs ongoing program to integrate sustainability into the curriculums of culinary schools around the world.

#### **The challenges**

- Finding a balance between local priorities and generating benefits on a Group level.
- Meeting the needs and expectations of all three partnering organizations – Worldchefs, AIESEC and Electrolux.



## Improve sustainability in the supply chain

### Progress on our promise

Electrolux will ensure that all suppliers live up to our high expectations, no matter where they are located and we will support the transition to more sustainable practices.

#### The roadmap to 2020

Take a hands-on approach toward our direct suppliers of components, finished goods, licensed products and services. Engage selectively further up the supply chain and promote responsibility among all suppliers toward their own supply chain.

Screen prospective suppliers to ensure they can live up to Electrolux's expectations.

Increase awareness and capabilities among our prospective and existing suppliers through training and dialogue.

Drive the improvement of supplier ecological footprints.

Leverage our influence over logistics companies to improve the CO<sub>2</sub> efficiency of our transportation by 15% by 2020.

#### Next steps

● Deploy the RSP program fully in South East Asia and North America. Reinforce the onboarding process for manufacturers licensing Electrolux brands.

● Implement standards for supplier minimum pace of improvement as well as connected sanctions.

● Deploy e-learning throughout additional high-risk markets and integrate it into supplier candidate screening and onboarding processes.

● Increase the number of suppliers participating in energy monitoring and the efficiency initiative.

● Continue the implementation of an environmental scorecard in the tendering process for dedicated transport services in 2017.

Set up supplier meetings to share/discuss best practice and action plans.

Proactively contribute to the BSR Clean Cargo initiative, which aims to improve the environmental performance of marine container transport.

- On track
- Additional effort is required
- Off track
- Work has not yet begun

## How we measure progress

1. Proportion of critical suppliers audited in the last 12 months.
2. Proportion of critical suppliers participating in training in the last 12 months.
3. Proportion of critical suppliers with an audit rating 'approved', meaning with no finding of a serious nature.
4. Emission intensity of transports, CO<sub>2</sub> emissions / m<sup>3</sup>km.

## Focusing on our direct suppliers

Electrolux has over 3,000 direct material suppliers throughout its markets, more than 150 OEM (original equipment manufacturing) suppliers as well as a large number of indirect material partners.

It's important that we choose suppliers that reflect our own high standards. Sustainability performance has been part of the vetting process for new suppliers for many years. Since 2015, the Responsible Sourcing team is represented in sourcing boards in all Group organizations, which facilitates integration in decision-making processes for each regional purchasing organization. Purchasers are trained on the Code of Conduct, with 79 trained in 2016.

## Auditing critical suppliers

Around 700 of our suppliers are considered 'critical' and have been the focus of our responsible sourcing program this year. These include suppliers located in regions or using production processes that pose high and medium risks for environmental, labor or human rights violations, and corrupt practices.

In 2016, we added resources to our South East Asian organization that works with suppliers based in Thailand and neighboring countries to gain a more comprehensive coverage of our supplier base. We have also intensified our focus on North America by relocating a resource to our North American headquarters.

Our critical suppliers are reviewed on their sustainability performance at least every second year. In total, 471 (427) audits were performed among suppliers, including 396 (366) by internal auditors and 75 (61) by third-party assurers. This year, 60% (51%) of our critical suppliers were audited.

As part of our audits, we also monitor that our expectations are communicated to Tier 2 suppliers. During 2016, we evaluated the possibility to engage more directly with Tier 2 suppliers. A study of the supply base of eight of our strategic printed circuit board assembly suppliers revealed 1,244 potential Tier 2 suppliers, making it evident that engagement beyond Tier 1 requires strict prioritization principles and automated processes. We will continue to explore these aspects in 2017.

## Improving conditions and reducing impacts

Through our audits, we see that health and safety as well as environmental issues continue to be the areas with the greatest challenges. Deviations related to our policy on working hours is still increasing.

A total of 44 (47) findings of a serious nature were uncovered in 2016, and the number of findings per audit had also decreased. The most common zero-tolerance findings were related to legal violations and inconsistent working hour records. These two types of findings represent more than half of the serious findings, and are part of a trend. There were 4 cases of forced labor in China and SEA involving the improper management of wages and worker passports. Cases involving discrimination increased, including 5 findings of pregnancy-testing in China. In all instances, management practices at the respective supplier were amended. All zero-tolerance cases are reported to senior Purchasing management, who also monitors remediation actions. There was no case involving under-age labor during 2016, however there were 38 deficiencies related to the management of young workers. Suppliers were required to strengthen their procedures for notifying authorities of the presence of young workers. Suppliers were also required to provide special health examinations required for such workers.

Our share of disqualified suppliers is still high in selected markets due to societal issues, such as in Egypt, and there are large regional differences in supplier status. In EMEA (Europe, the Middle East and Africa) 24% of suppliers are "Preferred" (only minor findings) or "Active" (only findings of non-critical character). The corresponding figure in Latin America is 30%, whereas the Asia Pacific region has a low proportion of "Preferred" or "Active" suppliers, with excess working hours as the most common obstacle to reaching "Active" status.

Our promise to improve sustainability among our suppliers means going beyond auditing and monitoring. We have been collecting data on the environmental performance of suppliers - representing 56% of our OEM spend - since 2011, to promote better control of critical environmental impacts caused by their operations. In 2016, this has included introducing a new energy report and requiring suppliers to work toward set energy targets, as well as measure their water use. In 2016, we have deployed an e-learning program on our Code of Conduct requirements for suppliers in 5 languages across seven key supplier markets. Through this program, we reached over 100 key decision makers at 98 of our suppliers. In total, we have trained 223 supplier representatives from 189 suppliers in several sustainability capacity building initiatives.

Electrolux has engaged with suppliers that source from countries affected by conflicts. Our approach is based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and is embedded in our policies and activities. In line with this guidance, Electrolux is tracking country of origin for specific critical minerals throughout its supply chain. This approach also agrees with the US legislation on Conflict Minerals. Electrolux has joined the Conflict-Free Sourcing Initiative (CFSI), allowing us to influence actors in the supply chains beyond tier-one suppliers.

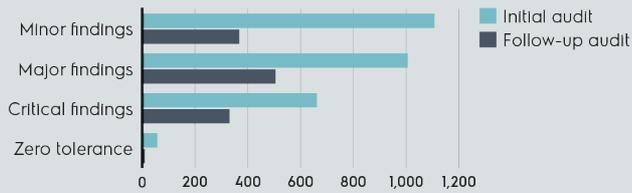
### Engaging suppliers in our transport and energy efficiency goals

We can use our purchasing power to support the trend toward more sustainable transport. Over five years, our efforts have resulted in an improvement of CO<sub>2</sub> efficiency of 35% in our sea transportation. In 2016, we have also improved our CO<sub>2</sub> efficiency for land transportation by 3% compared to 2015. Our goal is to improve CO<sub>2</sub> efficiency across all modes of transport by 15% in 2020.

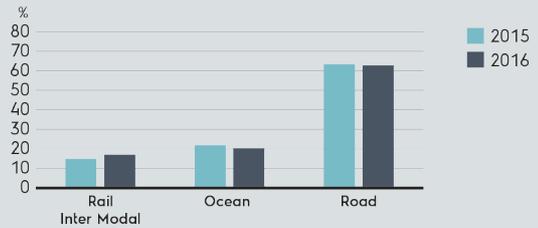
### The challenges

- To ensure high sustainability performance throughout our value chain remains a challenge. We place requirements on our over 3,000 direct suppliers. These suppliers are responsible for communicating Electroux's standards to Tier 2 suppliers and beyond, where we have limited influence.
- To work with our peers to adopt a collaborative approach across the industry. Together we can bring about greater positive change among our shared suppliers.

#### Responsible sourcing audit findings reduction



#### G4-EN30 Mode of transport



Note: Data encompasses global ocean freight, air cargo and land transport in Europe, North America, and Brazil.

**Distribution of findings in each region (%)**

Chapter	Asia Pacific including SE Asia	Latin and North America	Europe, Middle East and Africa	TOTAL
1. General requirements	0	0	0	0
2. Laws and regulations	1	8	10	4
3. Suppliers and subcontractors	2	0	0	1
4. Corruption, bribery and business ethics	0	0	0	0
5. Child labor	4	0	2	3
6. Forced labor	1	0	0	1
7. Security arrangements	0	0	0	0
<b>8. Worker H&amp;S</b>	<b>55</b>	<b>73</b>	<b>64</b>	<b>60</b>
9. Non-discrimination	1	0	0	1
10. Harassment and abuse	0	0	0	0
11. Disciplinary actions and grievances	2	0	2	2
<b>12. Working hours</b>	<b>19</b>	<b>9</b>	<b>10</b>	<b>15</b>
13. Compensation and employment conditions	7	2	8	6
14. Freedom of Association and collective bargaining	0	0	0	0
<b>15. Environmental governance and procedures</b>	<b>8</b>	<b>7</b>	<b>3</b>	<b>7</b>
16. Monitoring and compliances	0	1	1	1
Number of audits included in sample:	234	124	113	471

The distribution of significant findings, expressed in % and viewed per Code of Conduct principle, varies between the different supply regions. Regional variations are caused by differences in EHS- and labor legislation, legal enforcement as well as societal differences.

Note: Data encompasses global ocean freight and primary land transport in Europe, North America, and Brazil

# Our climate targets

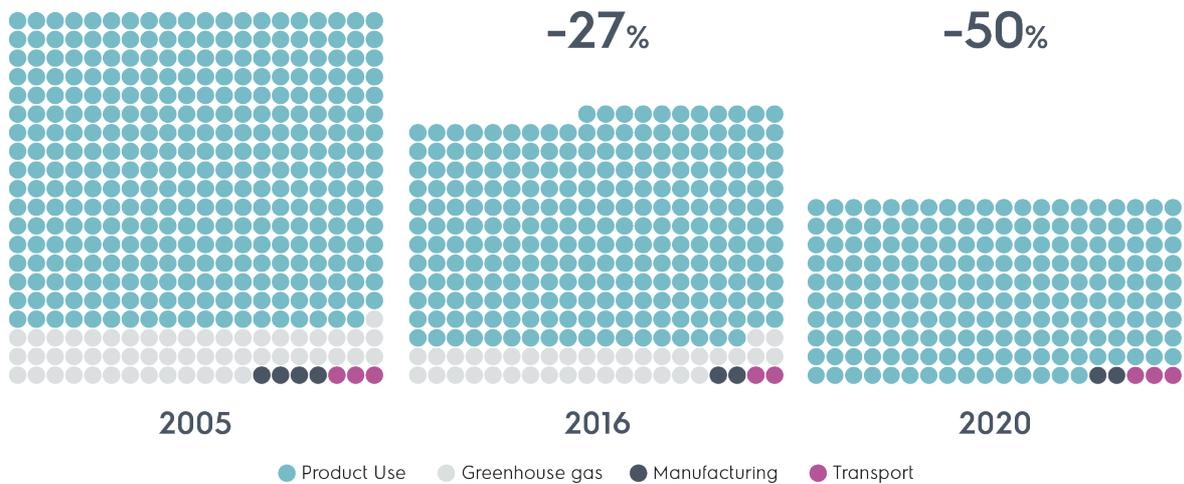
## Progress against our target

Halve the Group's climate impact by 2020, preventing the release of 25 million tonnes of carbon dioxide (CO<sub>2</sub>) over 15 years.

Roadmap 2020	Next steps
Be a leader in product efficiency in our most important markets.	Read more on our progress here: Constantly Improve Product Performance & Efficiency
Eliminate high-impact greenhouse gases from our products.	Read more on our progress here: Eliminate Harmful Materials
Improve efficiency throughout our operations and supply chain.	Read more on our progress here: Achieve More with Less  Improve Sustainability in the Supply Chain
Increase the share of renewable energy for our operations to 50%.	Read more on our progress here: Achieve More with Less

In 2016 we have cut our CO<sub>2</sub>-impact by 27% compared to 2005, building momentum for our 50% target by 2020.

## Climate targets 2020



# Impacts along the value chain

Taking a value chain approach provides us with a big picture view of how we can most effectively tackle our impacts.

Analyzing our sustainability approach through the lens of our value chain helps to identify how we can best leverage our influence and create the greatest value. This makes it easier to identify opportunities, minimize or enhance impacts and understand boundaries. The value chain perspective also helps us recognize how actions and impacts are interconnected.

The diagram below illustrates our degree of influence along major stages of our value chain and provides examples of the value we create. The links under each phase provide context on key impacts and how we tackle them.

## R&D

● High ability to influence

Electrolux allocated SEK 3,148m (3,210 m) to R&D, approximately one third of which is sustainability-related. Focus is on energy- and water-efficiency as well as the use of materials.

### How we tackle our impacts

- Improve product performance & efficiency
- Make better use of resources
- Eliminate harmful materials
- Provide sustainable solutions for everyone
- Work towards our climate target

### Generating value

Staying one step ahead of consumer needs on efficiency delivers customer value and aligns with our business strategy, while reducing negative impact on the environment



## Suppliers

● Medium ability to influence

Electrolux has over 3,000 direct suppliers that must manage their performance in accordance with our Group sustainability requirements. The focus is on finding and developing supplier capacity to maintain our high standards in high-risk countries, both in terms of better use of resources and other sustainability aspects. This requires careful assessment and a qualified selection of suppliers.

### How we tackle our impacts

- Improve sustainability in the supply chain
- Work towards our climate targets

### Generating value

Rewarding suppliers that can comply with Electrolux standards stimulates technical progress and local innovation. Promoting universal norms supports human rights and raises environmental, labor and economic standards - especially in low-cost countries. This also builds trust and reduces business and reputational risk.



## Electrolux operations

- High ability to influence

Electrolux operations, impacting some 60,000 employees, must reflect the qualities of a sustainable business: ethical, efficient and safe.



### How we tackle our impacts

- Achieve more with less
- Ensure the best conditions for health and safety
- Act ethically & respect human rights
- Be a force for good
- Work towards our climate targets

### Generating value

By being a force for good, we create value for our communities, employees and for ourselves. We create community benefit by providing jobs, knowledge transfer and economic opportunities. Positive employee relationships promote competence development, employee wellbeing and job satisfaction. Being a force for good also creates value for the company, for example by ensuring we retain talented employees and achieving financial savings from reduced accident rates. Based on historical data, we estimate that we saved SEK 300m in costs in 2016 by avoiding accidents.

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## Transport

- Medium ability to influence

Electrolux emits more CO2 transporting its goods than it emits through the combined energy used in Group operations. About 300,000 tonnes are emitted through the distribution of our goods via sea, land and air in Europe, North America and Brazil.



### How we tackle our impacts

- Improve sustainability in the supply chain
- Work towards our climate targets

### Generating value

As transportation is a major contributor to climate change, reducing our impact benefits society. We can use our purchasing power to support the trend toward more sustainable transport and encourage our logistics suppliers to engage in dialogue with others on how to further reduce their impacts.

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## Sales

- Low ability to influence

Electrolux sells more than 60 million products in over 150 countries every year. Sales are primarily made through retailers. Together with energy and performance labeling, communications at the point of purchase is our main opportunity to raise consumer awareness on efficiency. We continue to drive the market for efficient products through campaigns that highlight sustainability.



### How we tackle our impacts

- Improve product performance & efficiency
- Provide sustainable solutions for everyone
- Work towards our climate targets

### Generating value

Working together to increase transparency and promote a sustainable product offering contributes to retailers' sustainability goals, strengthens brands and builds customer loyalty. As seen by our Green range share of sales, an efficient product offering is a profitable strategy for Electrolux.

## Consumer use

- Low ability to influence

With the major environmental impacts occurring during product use, product energy efficiency is among our top priorities. Efficiency in the laundry product category in Europe has on average improved by 4% per year in the last four years.



### How we tackle our impacts

- Improve product performance & efficiency
- Provide sustainable solutions for everyone
- Work towards our climate targets

### Generating value

Appliances deliver social benefits that many have for a long time taken for granted - such as food conservation, hygiene standards, and freeing up time from household chores and facilitating equal opportunities. These benefits are especially important in the development of emerging markets. The education of professional customers and consumers enables more conscious choices in all markets. Providing efficient products and increasing appliance connectivity in markets with growing middle classes can help counter rising global CO<sub>2</sub> emissions caused by increasing consumption. Greater efficiency also reduces energy costs.

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## End-of-life

- Low ability to influence

Legislation on appliance recycling is being introduced in key markets. In Europe, the region with the most comprehensive producer responsibility legislation, 80% of the materials (by total volume) from collected large appliances must be recovered (70% for small appliances).



### How we tackle our impacts

- Make better use of resources
- Eliminate harmful materials

### Generating value

Reduced impact on the environment through helping to reduce landfill and building closed-loop systems. Saving money and energy and increasing brand trust through innovative designs that reuse materials.

# Materiality process

Material issues are topics that reflect our most significant economic, environmental and social impacts. We track these topics continuously to make sure we're addressing the ones of greatest importance.

Our materiality process aims to identify and understand the topics that influence our stakeholders' perception of Electrolux, and whether these topics presents risks or opportunities in relation to our business strategy. It is therefore an important way of evaluating our ability to create and sustain value.

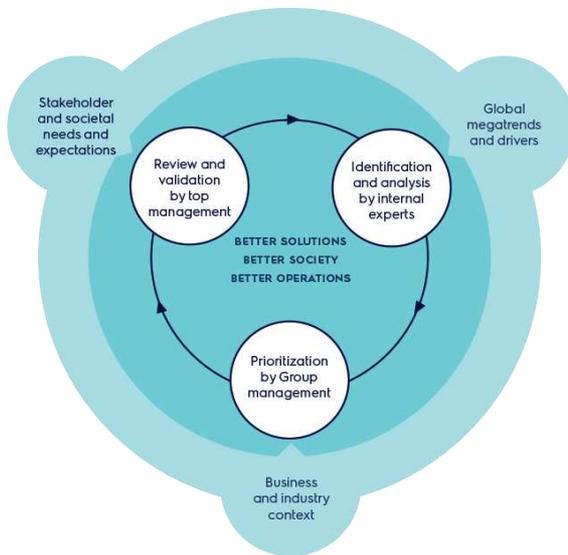
We draw on insights from global trends and drivers, market intelligence, product research, internal and external dialogue, expert opinion and consumer surveys, and other sources of information to develop an up-to-date understanding of the prevailing business context for Electrolux.

We also ensure we're aligned with the needs and expectations of our most important stakeholders - consumers, employees and our shareholders around the world. In 2014, we assessed stakeholder priorities alongside global trends research and our business knowledge. Working with Group Management and top management, we analyzed, prioritized and built group-wide consensus around our most material topics. These in turn, were structured as nine promises 'For the Better', reflecting how Electrolux can make its greatest contribution to society. The content is continuously subject to calibration and dialogue with internal and external stakeholders, and reviewed and validated by Group Management annually.

Read more on our analysis of this year's materiality process.

# Materiality analysis

Through our materiality process and stakeholder engagement, we have pinpointed the most relevant topics to Electrolux.



Our sustainability approach is designed to address the topics of greatest importance to Electrolux and our stakeholders. The most important topics have been expressed as nine promises, supported by 2020 goals and key performance indicators (KPIs).

The relevance of an issue is determined by three criteria:

- The degree of impact caused by our activities along the value chain.
- How much the issue impacts our business strategy.
- How the issue might affect stakeholder relationships with Electrolux.

For Electrolux, the most important stakeholders are customers, consumers, shareholders and employees. Their priorities and how they reflect our sustainability approach are outlined in Stakeholders inform our approach section of the report.

## 2017 and beyond

New and updated legislation is due to be introduced in several key areas over the next few years.

- Human trafficking, addressed by the UK Modern Slavery Act, will come into effect in 2017.
- The new EU energy label directive is expected to be adopted in 2017/2018. Future energy classes will be from A to G, with no products initially in the A class. All products should be relabeled within 5 years after adaptation of the directive.
- EU legislation towards a circular economy is under development.
- China, Japan, Australia and New Zealand will apply new performance standards for refrigerators that will change their national energy efficiency ratings (2017/2018).
- New regulation on high-impact greenhouse gases will be introduced in Europe, the US and in Asia/Pacific.
- Legislation on sustainability reporting will come into effect in Sweden in 2017.

The Sustainable Development Goals (SDGs) have an impact on the response to global challenges, broadening the discussion among and between businesses, governments and civil society. They help us align our work in accordance with the priorities of society at large.

## An evolving agenda

Although many of the sustainability issues facing Electrolux remain the same over a long period, their importance changes over time. Below are the areas where our internal analysis points to an emerging area, or shows increased importance for business and our stakeholders. These topics appear in no particular order and their importance is not inter-related.

Topic	Description	Our response
Climate change	The COP 21 Paris agreement on the reduction of greenhouse gas emissions in order to limit global warming to well below 2°C.	Continued focus on key areas in our sustainability agenda and the 50% carbon reduction target. Electrolux CEO signed a commitment to adopt Science Based Climate Target. See <a href="#">Our climate targets</a> .
Renewable energy	Relevance increased during 2016, as leading sustainable businesses demonstrated the feasibility of a strong renewable energy strategy.	Setting a target to increase renewables for our operations to 50% by 2020, beginning with manufacturing sites in Europe.
Food waste	Increasing in importance over several years, driven by growing concerns, and public and media interest. Roughly 1/3 of the world's food for human consumption is wasted every year – approximately 1.3 billion tonnes.	Developing technologies for keeping food fresher, longer.  Community engagement, e.g. raising awareness of food waste (see <a href="#">food-waste awareness</a> ), and crowdsourcing initiatives to promote sustainable and healthy food (see <a href="#">iJam and Electrolux Ideas Lab</a> ) and <a href="#">Global Gastronomy Day</a> .
Circular economy	Emerging concept on a global scale. Relevance is increasing rapidly as businesses include circular principles in their products and the EU prepares legislation under the overarching themes of the circular economy.	Establishing strategic partnerships with suppliers to access high-quality recycled plastics.  Increasing dialogue with EU legislators on product durability-related issues.  Participating in OECD environmental meeting at ministerial level in 2016, to discuss climate change and circular economy.
Human rights	Increasing in importance over the long-term, as indicated by investors. New international standards and legislation are emerging, including the <a href="#">UN Guiding Principles on Business and Human Rights</a> as well as conflict mineral legislation in the US and EU.	We are committed to respecting human rights in our own operations as well as along our supply chain and have specified objectives and KPIs in our promises 'Always act ethically & respect human rights' and 'Improve sustainability in the supply chain' to fulfill this commitment. In 2016, we conducted a corporate human rights risk assessment and established a governance structure.
Responsible taxation	Sustained interest in this topic, with socially responsible investors requesting increased transparency on tax payment approaches and emerging legislation worldwide.	We are transparent on <a href="#">taxation</a> in the Annual Report and by making our <a href="#">tax policy</a> publicly available.

# Managing sustainability risks

A 360° analysis of risk requires insights from Group Management, the function level and local facilities. That's why identifying and addressing non-financial risks is a cross-functional responsibility.

At Electrolux, we focus on the future to pinpoint and prepare for a changing business landscape. The emergence of a global middle class, the growth of megacities, the urgency of climate change, chemical pollutants, access to water, energy and raw materials, and breakthrough technologies will all impact the way we do business, and how we are perceived as a company. Understanding and managing the non-financial risks and opportunities associated with these macro drivers is an integrated part of managing our business.

	Drivers	What this means for us
People	The global middle class An aging population	Increasing importance of emerging markets. New competitors. Growing importance of the silver haired consumer group. More smaller households.
Access to resources	Energy Water Materials	Continuing need to reduce the energy use of household appliances. Pressure to reduce water consumption in areas with water scarcity. Increasing risk of resource nationalism.
Environment	Climate change Chemicals pollutants	Increasing pressure to improve product energy efficiency and eliminate high impact greenhouse gases. Growing concern over chemicals in products. Lack of global harmonization in chemical legislation makes chemical management complex for producers.
Technology	Digitalization	Increasing consumer power, making communication and transparency more important. Internet of Things will enable online communication between producers and consumers, but increases risks around data privacy. Production must adapt to more automated processes to stay competitive.

A number of Group functions are accountable for both identifying and managing non-financial risks in their area of responsibility. These risks are reported to Group Management regularly and are also fed into our materiality process. Our approach is outlined further in the Annual report.

**Management Assurance and Special Assignments**  
Evaluates and improves governance, internal control and risk management processes

**Group Risk Management**  
Benchmarks and monitors key risks in operations and key suppliers

**Sustainability Risk Management Processes**  
Materiality  
Responsible Sourcing  
Ethics  
Human rights  
ISO Coordination

**Other Group Staffs & Functions**  
Global Industrial Operations  
Product Lines  
Purchasing  
Legal  
Finance  
Communication  
HR Exec Team

**Group External Affairs Committee**  
Monitors regulatory development across all regions and develops Group common positions

### Human Rights risks

As we increase our understanding of how our business impacts human rights, we are putting the tools in place to mitigate and remedy them. This is an ongoing process where we have made important progress the last few years. The results build on the involvement and dialogue with internal and external stakeholders.

#### Progress in 2016

During 2016, we developed a methodology to identify and assess human rights impacts, aligned with the UNGP framework. The human rights impact assessment was piloted on a corporate level, resulting in a list over Electrolux salient human rights issues. In 2017, the methodology will be used to conduct local human rights assessments, directly integrating stakeholder perspectives and with a focus on high-risk locations.

#### Salient human rights issues

As a result of the human rights impact assessment, Electrolux has reviewed the most salient human rights issues with respect to likelihood and severity of the potential harm to people. These entail six specific issues and three business processes, presented in the overview below and in more detail in the related sections.

#### Issue

- Industrial relations
- Working hours & wages
- Diversity & non-discrimination
- Privacy & Integrity
- Purchase of sexual services during business travel/representation
- Corruption and bribery

#### Business processes

- Supply chain management
- Acquisitions
- Market entry & partners

# Understanding and managing our human rights risks

We are on a journey to develop our understanding of the human rights risks associated with our activities, and to establish the tools and processes to manage these risks. We always aim to minimize any risk of harm to people, caused by our operations.

## Process to identify human rights risks

Building on our previous experiences, we adopted a more systematic and comprehensive approach in 2012. We started out by conducting a corporate level impact assessment in 2012 and 2013, identifying risks of human rights impacts throughout our value chain. Key functions within the company as well as external expertise contributed to the process. We used the results to update the Code of Conduct in 2014, emphasizing our commitment to human rights and mitigating human rights risk areas such as disciplinary action and grievances, security practices, and corruption.

Following extensive internal and external stakeholder engagement, human rights was singled out as one of the priorities in the company's updated sustainability framework 'For the Better' in 2015. Human rights are at the core of our Promise 'Always act ethically and respect human rights'. As a consequence, the Human Rights Reference Group was established as a temporary working group to oversee the development of a joint Group approach.

During 2016, we developed a methodology to identify and assess human rights impacts, and piloted it at the

corporate level. The methodology is in line with the UNGP (UN Guiding Principles on Business and Human Rights) and emerging practices for human rights impact assessments. The method considers the likelihood and severity of the potential harm to people, rather than to the company. The assessment involved around 40 representatives from all sectors, regions and key functions within the Group, and was conducted using online surveys and workshops. The assessment incorporated input from employee representatives, customers, investors and NGOs. We will continue to integrate stakeholder perspectives more directly in local human rights assessments, planned for 2017 in two of our high-risk locations.

The corporate assessment resulted in a list of the company's salient human rights issues<sup>1</sup>.

## Statement on salient human rights issues

The human rights impact assessment conducted in 2016, resulted in a list of six issues, covering seven human rights. Additionally, the assessment pointed to three business processes that entail specific risks to impact on people. The six issues and three business processes constitute Electrolux's salient human rights issues. Actions for each salient issue is being developed, alongside the establishment of ownership for each action. This action plan will be implemented throughout 2017.

Additional severe potential impacts on human rights are linked to health and safety in our operations and product safety. These are outside the scope of salient issues, as they are assessed to be well-managed by existing programs.

Right	Issue(s)	Potential impact on people	Context
Right to freedom of association	Industrial relations	<p>Employees not being able to impact working conditions or negotiate compensation</p> <p>Discouraging/preventing employees from joining or forming unions, or participate in union activities</p> <p>Conflict/strike leading to loss of income and affecting standard of living</p>	<p>With a high number of employees in countries where the level of maturity in labor relations is low, there is risk of conflict, and a resulting harm to people and to company operations/reputation.</p> <p>China is the country where adverse impact on the right to freedom of association is the greatest. Other high risk areas include USA, Latin America, South East Asia in general and Middle East</p>
Right to decent conditions at work	Working hours and wages	<p>People being unable to provide for themselves and their families as a result of low wage levels (e.g. lack of food, education, medical services etc.)</p> <p>People suffering from inadequate living standards due to low wages.</p> <p>People suffering from a lack of free time and family life as a result of extensive overtime and forced overtime, which also increases the risk of accidents.</p>	<p>Overtime is an issue in some parts of the organization.</p> <p>Fair living wages is a topic increasingly in focus of customers and media.</p> <p>Both issues have an impact on people and are a potential reputational risk. The impact assessment identified risk for overtime at middle management levels.</p> <p>Wages and overtime is a high-risk in all regions except from Western Europe, Canada, Australia and New Zealand.</p>
Equal rights and non-discrimination	Diversity and non-discrimination	<p>Individuals being discriminated in recruitment, promotion and in other ways within Electrolux, in part as a result of discriminating structures in the societies we operate in.</p> <p>Violates the basic human right of equal treatment/opportunities and has additional social and economic consequences.</p> <p>Individuals' quality of life and self-esteem suffer from not enjoying equal opportunities in life.</p>	<p>Some level of discrimination occurs as a result of discriminating structures in the societies where we operate. A higher level of diversity will benefit both people and the company.</p>

Right	Issue(s)	Potential impact on people	Context
Right to privacy	Privacy and integrity	<p>Personal information mismanaged (e.g. employee data, consumer data, market research data).</p> <p>Privacy underpins human dignity and other key values.</p> <p>The right to be let alone, or freedom from interference or intrusion.</p>	<p>The issue is increasing in importance as a result of digitalization, the Internet of Things, increased sophistication in collecting employee and consumer data. Processes to safeguard privacy must match the increased risk.</p> <p>All Electrolux operations, ranging from handling of employee data, marketing surveys and consumer data, data gathered in products.</p> <p>The risk is very high in Mexico, Egypt, Thailand, China, Colombia, Singapore, Ukraine, Malaysia, Russia, and high in USA, UK, Indonesia, Peru and Ecuador.</p>
Right to life Right to liberty	Purchase of sexual services during business travel/representation	<p>Exploitation of people as a result of employees' actions during business travel and representation</p> <p>Causes severe harm to the victim. The damages also include the individual being mistreated or rejected due to stigmas.</p> <p>Contributes to a system that perpetuates harm to the victims.</p>	<p>Estimates indicate that around one third of all purchases of sexual services take place during business travel. Electrolux need a clear zero-tolerance policy, actively communicated to employees.</p>
Equal rights and non-discrimination Right to adequate standards of living	Corruption or bribery	<p>Corruption fuels inequality, diverts expenditure away from health, education, holds back economic development, and hurts the most vulnerable in society.</p> <p>Bribery undermines the rule of law and the principle of fair competition.</p> <p>Corruption distorts the division of economic resources and hinders social and economic development.</p>	<p>We operate in high-risk markets such as South East Asia, Latin America, Middle East, Egypt and Russia, and need to constantly educate our employees and monitor risks. Risk areas include obtaining licenses/certificates, sales, purchasing, gifts and events.</p>

Right to life Right to liberty	Purchase of sexual services during business travel/representation	Exploitation of people as a result of employees' actions during business travel and representation  Causes severe harm to the victim. The damages also include the individual being mistreated or rejected due to stigmas.  Contributes to a system that perpetuates harm to the victims.	Estimates indicate that around one third of all purchases of sexual services take place during business travel. Electrolux need a clear zero-tolerance policy, actively communicated to employees.
Equal rights and non-discrimination Right to adequate standards of living	Corruption or bribery	Corruption fuels inequality, diverts expenditure away from health, education, holds back economic development, and hurts the most vulnerable in society.  Bribery undermines the rule of law and the principle of fair competition.  Corruption distorts the division of economic resources and hinders social and economic development	We operate in high-risk markets such as South East Asia, Latin America, Middle East, Egypt and Russia, and need to constantly educate our employees and monitor risks. Risk areas include obtaining licenses/certificates, sales, purchasing, gifts and events.
Business process	Human rights risk		
Supply chain management	<p><b>Risk linked to Electrolux supply chain – first tier suppliers and beyond</b></p> <p>Non-compliance with labor standards such as: health and safety, working hours, wages, forced labor and child labor, freedom of association.</p> <p>Poor conditions for migrant workers, and other vulnerable groups and their families (health jeopardized due to poor dormitories, their freedom infringed due to locked dormitories, their right to family life reduced as a result of living far away from children, and their children's right to family and security endangered as they are left behind).</p> <p>Workers exploited and denied their right to freedom (e.g. cleaners, restaurant workers, gardeners, call centres or upstream in e.g. mineral extraction/mines).</p>		
Acquisitions	<p>Inheriting' human rights issues and sub-standard operations as part of making an acquisition:</p> <p>Harm to people in acquired businesses (e.g. labor conditions, health and safety, environmental impact negatively affecting people, land rights and expropriation - on-going, historic or potential).</p>		
Market entry and partners	<p>Harm to people by distributors, agents and other business partners (e.g. labor conditions, health and safety, environmental impact negatively affecting people, land rights and expropriation, corruption, etc).</p>		

### Electrolux high-risk locations

The corporate human rights assessments conducted in 2012/13 and 2016 drew upon results from existing assessment processes and audit programs, including for example Code of Conduct audits of operations in high-risk countries, and supplier audits.

We map our operations using tools such as Verisk Maplecroft, Freedom House for civil and political rights, Human Development Index, Transparency International's Corruption Perception Index and the WWF Water Risk Assessment for water risks.

Our risk classification is subject to annual review, and includes the facility's location and past performance, number of employees, types of activities, Ethics Helpline records and customer requests. This classification also helps to guide our auditing.

In 2016, of all the countries where Electrolux has manufacturing operations, Argentina, Brazil, Chile, China, Egypt, Mexico, Thailand and Ukraine were deemed as high-risk countries. Our facilities in China, Egypt, Mexico and Thailand were the focus for audits. The plan for 2017 is to apply the human rights impact assessment methodology at the local level in two of these high-risk locations. The local assessments will encompass both human rights and corruption risks.

Additionally, we have suppliers in a wider range of risk countries.

### Managing human rights risks

To mitigate human rights risks, Electrolux updated the Code of Conduct in 2014, and established the Industrial Relations Strategy. We launched a company-wide training initiative to emphasize the line manager contribution to respecting labor and human rights. We also aligned the initiative with the Group's industrial relations principles within the line manager areas of responsibility. In addition to the internal program, an e-learning targeting select suppliers was launched in 2016.

Human rights was part of the screening in connection with the acquisition of a new Professional manufacturing site in China in 2015. During 2016, one deal was closed, but the human rights risks were deemed to be low. However, relevant topics such as labor standards and EHS was part of ongoing due diligence efforts of potential acquisitions during the year. With the ambition to further strengthen the procedures for the integration of human rights in due diligence, 'acquisitions' has been listed as one of the salient human rights issues.

### Enhanced governance structure

During 2016, we established a governance structure for human rights. The ultimate responsibility for adherence with Group policies on human rights, including the Code of Conduct, always resides with line managers, from Group

Management and down. To support efficient management, we established the Ethics & Human Rights Steering Group, by extending the remit of the existing Ethics Steering Group.

### Follow-up and implementation

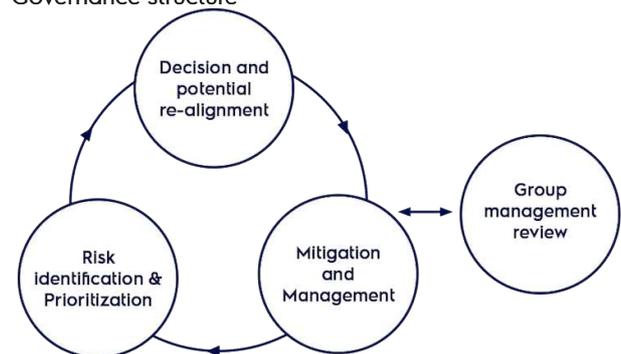
The Steering Group is responsible for evaluating the effectiveness of our human rights approach and our ethics program, including approving priorities and plans for human rights. The Ethics and Human Rights Steering Group consists of the General Counsel SVP, the SVP Human Resources & Organizational Development, the SVP Management Assurance & Special Assignments (MA & SA), the SVP Corporate Communications, and the VP Sustainability Affairs.

A Human Rights Coordination Group is responsible for identifying and assessing risks, and for developing human rights action plans. The process of developing action plans was initiated in 2016. The CEO and the Heads of the Business Areas reviewed and approved the outcomes of the pilot human rights assessment process throughout December and January 2017. The Coordination Group's work have developed a plan for local assessment pilots in select high-risk locations, and will continue to develop actions for mitigating the risks identified in the corporate level assessment.

We currently monitor our performance in response to salient human rights issues through audits conducted by both our own and supplier units, our Ethics Helpline, management-labor dialogue, health and safety committees, local grievance mechanisms and the Code of Conduct mailbox for suppliers.

The local human rights impact assessments, will provide further details about the risks of negative impacts on people. We will continuously plan local and Group level assessments to ensure that salient human rights issues are reviewed to reflect the main risks for harm to people within our sphere of influence.

### Governance structure



<sup>1</sup>A company's salient human rights issues are those human rights that are at risk of the most severe negative impact through its activities or business relationships.

# Auditing and monitoring

We have a number of follow-up mechanisms that allow us to monitor how our own organization and our suppliers live up to our Code of Conduct. They are used differently depending on the level of risk.

	Purpose	Criteria	Findings 2016
ALFA (Awareness-Learning-Feedback-Assessments)	<p>A self-assessment questionnaire filled out by line managers, to:</p> <p>Check the extent to which units comply with the Code of Conduct</p> <p>Ensure that line managers are regularly reminded of what is expected of them.</p>	Annually for manufacturing units, based on the key elements of the Workplace Standard.	<p>Response rate: All manufacturing sites which were operational by end-2016 responded to <a href="#">ALFA</a>.</p>
Code of Conduct audits	To identify areas of improvement and ensure compliance with the Code of Conduct	Internal audits of selected manufacturing units, chosen following risk assessments based on key elements of the Workplace Standard.	Conducted 9 audits in China, Egypt, Mexico and Thailand in 2016. 9(12) of 22 (25) high-risk facilities (based on country-risk and internal assessment) were audited. Findings show that health and safety, working hours, environment and compensation are the areas where the greatest number of non-compliances occur. Local corrective action plans are followed up.
The Ethics Helpline	A whistle-blowing service that enables bottom-up monitoring from employees. The helpline allows employees to remain anonymous (to the extent permitted under local law), without fear of exposure or retaliation.	Third-party operated. Covers breaches of ethics-related policies such as the Code of Ethics, Code of Conduct and Corruption and Bribery policy. It currently covers 99% of our employees.	The highest number of reports relate to abusive behavior and falls into 'Discrimination and harassment'. <a href="#">See graph</a> .
Internal audits	Provides independent assurance. Evaluates the effectiveness of risk management, control, and governance processes by conducting operational, financial, and compliance process audits and investigations of alleged employee fraud.	Risk-based annual plan approved by the Audit Committee; Ad hoc investigations of reported fraud allegations.	Reported to Group Management and Audit Committee.
Employee Engagement Survey (EES)	The survey assesses engagement, leadership, organizational capabilities and commitment to our strategy and purpose. It allows for external comparison with other high-performing learning organizations.	Annual and group-wide, among employees in offices and manufacturing.	<p>Response rate: 93% (87).</p> <p>Electrolux has reached a record of 67% (64) of participation (our engagement plus index), reaching the external benchmark. The results of the survey are used to improve how business operations are managed.</p>

Global audits of ISO standards for environment and safety	Extensive. Each business area must have an environmental management system implemented at all manufacturing sites, in line with the Environmental Policy, Workplace Standard and ISO 14001 certification.	Annual audits of all manufacturing facilities, with recertification audits every third year. For selected sites, the audits also cover OHSAS for health and safety.  All manufacturing units of over 50 people must be certified to ISO 14001, and newly acquired units are required to complete the certification process within three years of joining the Group.	ISO 14001 audits conducted by 93% of eligible manufacturing units. The majority of the findings relate to missing or inadequate processes for identifying significant environmental aspects, and on-site emergency preparedness.
The sustainability KPI survey	An annual performance assessment used to track operational environmental management and compliance in the areas of materials, waste and chemicals, employee turnover, and health and safety statistics. Forms the basis of our reporting for GRI indicators.	In 2016, all manufacturing sites, 34 (36) warehouses and 28 (35) offices.	N/A
Green Spirit certification and reporting system	Green Spirit focuses on environmental performance improvement and employee engagement. The reporting system monitors energy and water consumption data among Electrolux manufacturing facilities. Best practice is shared among sectors.  Monitors performance against defined energy and water targets.	All manufacturing sites are evaluated annually as part of the Green Spirit certification, and are awarded stars according to their achievements in the group-wide energy management certification system.	Certification process completed during 2017.
Safety Management System (SMS)	Factory self-assessment protocol to assess how manufacturing units meet internal safety standards.	Conducted annually among all Global Industrial Operations manufacturing units.	In 2016, all 38 manufacturing units within Global Industrial Operations underwent an SMS assessment by the OHS Global team in addition to the self-assessments.
Responsible sourcing audits	Assessment of how suppliers meet expectations as defined by the Code of Conduct and Workplace Standard.	Audits of direct material (raw materials, parts and sub-assemblies) suppliers identified as medium to high-risk, carried out by Electrolux. Indirect suppliers were audited for the first time in 2015.  New Group audit tools for responsible sourcing were rolled out in 2015. Audited suppliers are ranked on performance and categorized according to the findings. Categorization criteria have been tightened and include: disqualified (zero tolerance findings), conditional (more than two critical findings), active (only findings of non-critical character) and preferred suppliers (only minor findings).	Carried out 471 (427) supplier audits, mainly in China, Mexico, Brazil and Egypt. Key areas for non-compliance for suppliers include health and safety, environment and working hours. Non-compliance with the Code of Conduct is addressed through mandatory corrective actions as well as 'beyond compliance' support activities such as training and capacity building. <a href="#">See table for findings.</a>
External verification of sustainability reporting	To increase credibility in our reporting approach and improve our reporting practices.	The sustainability report (as referenced in the GRI index) is reviewed in accordance with the Swedish standard RevR 6	

# Stakeholders inform our approach

Ongoing dialogue with stakeholders helps us define and deliver on our promises, and keep ahead of global developments.

Our promises cover actions along our value chain, from sourcing to end-of-life. This means we can't deliver on our ambitions on our own – and that engaging with our stakeholders is critical. To realize our vision, we depend on our customers, consumers, employees and shareholders, so their insights play a particular role in our engagement process.

We welcome the Sustainable Development Goals (SDGs) launched by the UN in 2015. The SDGs provide a valuable framework for businesses such as Electrolux to contribute positively toward today's global challenges. As a sustainability leader in the appliance industry, we see that we have a key role to play in goal number 8, 'Decent work and economic growth'; goal number 12, 'Responsible consumption and production' and goal number 13, 'Climate action'.

Other relevant SDGs for Electrolux are goals 2, 3, 4, 5, 6 and 7. In this report, the SDG icons placed by our 'For the Better' promises indicate the relationships between our promises and the goals. Our promise targets strive to contribute toward the SDGs indicated.

Within Electrolux, Sustainability Affairs oversees dialogue on sustainability-related issues with a wide range of internal and external groups. Feedback from these activities is reported to Group Management and feeds into our decision-making to strengthen company strategy and response. An ongoing challenge is to systemize local stakeholder dialogue to ensure that local voices are heard consistently.

## Stakeholder priorities and our response

Key stakeholder group	How Electrolux has engaged	The impact on our sustainability approach
Consumers	Bi-annual brand scorecard on sustainability: We surveyed 200 consumers per market per month in Australia, Brazil, China, France, Germany and the US. In 2014, 69% of consumers interviewed said that environmental impacts were one of the most important factors when buying an appliance.	Developed 'For the better', a communications platform to involve consumers (and employees) in meaningful dialogue on sustainability.  The results of the 2016 brand scorecard survey will be ready during 2017.
Customers	Partnerships with specific customers. Dialogue on sustainability is expanding into more markets. Engagement is becoming long-term and strategic.	Collaborated in areas such as chemicals handling and recycled materials. We discussed criteria and evaluated our process for supply chain monitoring. Our newly-initiated renewable energy projects were inspired by a major customer, and has led to <a href="#">our wider commitment to renewables</a> .
	Electrolux Professional: Continuous meetings with customers and key stakeholders from all continents to share learnings and discuss sustainable solutions for Professional kitchens and laundries. Topics included are: Energy-efficient products, hygiene, ergonomics, connectivity, customer service, education and training.	Customer insights contribute to raising awareness in the market on the importance of an energy efficient Professional product offering.

Investors	<p>In response to a significant growth of share of capital being managed under ESG (environmental, social and governance) mandates, Electrolux is engaging with investors and shareholders on sustainability matters, most recently by inviting key shareholders to present and discuss sustainability in September, 2016. Six of Electrolux ten largest shareholders are signatories to the UN Principles for Responsible Investments.</p>	<p>Incorporated feedback from investors into priorities for our nine promises in 2014 and 2015.</p> <p>Enhanced our reporting and activities on CO<sub>2</sub> reduction in response to our disclosure to <a href="#">CDP</a>.</p>
Employees	<p>Ongoing dialogue between management and employee representatives and unions. Topics covered include updates on restructuring plans, feedback on business development, Code of Conduct education, the Ethics Helpline and H&amp;S performance. Examples include:</p> <p>There were four European Works Council meetings in 2016, which is a forum for the unions and company representatives to meet and discuss topics of mutual interest – one full meeting with all local delegates, and three with the EWC Board.</p> <p>The head of Industrial Relations and union representatives meet prior to each Board of Directors meeting.</p> <p>42 of our 49 manufacturing units have local employee-management committees, and all have local H&amp;S committees.</p>	<p>Integrated views into strategic and operational activities on local, market and Group levels.</p> <p>At local level, collective agreements are in place for 57% of the workforce.</p>
	<p>Employee Engagement Survey 2016: 80% of employees believe that sustainability is a natural part of their everyday work and 74% are proud of how the company demonstrates its environmental and social responsibility.</p>	<p>Via the Electrolux global intranet, employees accessed several local and global articles, presentations and films with focus on sustainability during 2016. Viewership of sustainability tagged articles grew five fold in 2016 compared to 2015.</p>
	<p>Key supporter of AIESEC, the world's largest student organization and an international platform for young people to explore and develop their leadership potential.</p>	<p>In 2016, we built on our strategic partnership with <a href="#">AIESEC</a>, to incorporate the partnership 'Feed the Planet' – which collaborates with local community projects.</p> <p>In 2017, we will continue our work on creating awareness of our sustainability priorities and ambitions and, together with AIESEC, focus on finding talent within the areas of Science, Technology, Engineering and Mathematics (STEM pilot program).</p>
Suppliers	<p>2016 was the sixth year of dialogue with key OEMs on energy management. During the year, a mandatory energy improvement target was introduced, as well as mapping water usage and management.</p> <p>Increased scope of supplier capacity building on Code of Conduct through e-learning</p> <p>Continued dialogue with the logistics industry in 2016 to share best practice in transport management. Member of US Environmental Protection Agency-led <a href="#">SmartWay</a>, with a commitment to reduce road transport related emissions.</p>	<p>Our level of ambition was communicated and we aggregated energy and water data for 56 (80) % of our OEM supplier spend.</p> <p>Provided online training on our Code of Conduct to critical suppliers in seven markets.</p> <p>As part of the <a href="#">BSR</a> Clean Cargo initiative, we stipulate that Electrolux's shipping providers must be BSR members.</p> <p>Developed the partnership with shipping company Maersk Line to improve sustainability performance by 2020.</p> <p>The Group continued to evaluate environmental performance of logistics companies. The results were included in our supplier-evaluation process in 2016.</p>

Industry peers	<p>Shared best practice on setting stretch targets for renewable energy.</p> <p>Shared best practice on human rights, including at the Ethical Trade Initiative (ETI) conference, the Swedish <a href="#">Network on Business &amp; Human Rights and UNICEF</a>.</p>	<p>Set a 50% renewable energy target, and committed to use only renewable energy at 13 manufacturing sites in Europe.</p> <p>Insights provided input into Promises '<a href="#">Always act ethically and respect human rights</a>', '<a href="#">Provide sustainable solutions for everyone</a>' and '<a href="#">Be a force for good</a>'.</p>
NGOs, academia and governmental initiatives	<p>Attended multi-stakeholder meetings, in which NGOs raised issues such as human rights due diligence, responsible taxation, food and social innovation, education and empowering consumers.</p> <p>Took part in <a href="#">United for Efficiency</a>, a UNEP-led project to develop recommendations on how emerging markets can 'leapfrog' to greater energy efficiency.</p> <p>Exchanged ideas with the European Environmental Bureau on energy efficiency and labeling.</p> <p>Presented our strategy to increase the use of recycled plastic in our products in several different contexts, from multi-stakeholder conferences, to meetings at Chatham House and with the Environmental Ministers of the OECD countries.</p>	<p>Relevant issues are part of our materiality analysis.</p> <p>Formulated our Promise '<a href="#">Provide sustainable solutions for everyone</a>', to bring efficient products to new consumers.</p> <p>Input to our public policy initiatives in Europe on labeling.</p> <p>Input on our material efficiency strategy, exchange of best practices with leaders in this field.</p>

# Electrolux and the UN Sustainable Development Goals

Launched in 2015, the UN SDGs provide the global community with a roadmap on how to combat global challenges related to economic, social and environmental sustainability. The initiative has gained broad acceptance and spurred initiatives from businesses and other stakeholders.

To Electrolux, three of the goals are particularly relevant, and are closely aligned with what our promises aim to achieve, For the Better. Across our sustainability agenda, other SDGs are relevant as well. Below we elaborate how we contribute to the goals 8, 12 and 13.

SDG number 12, 'Responsible consumption and production', is the most significant for Electrolux. We strive to bring resource-efficient products, manufactured in a sustainable way, to as many people as possible around the world. We have set very ambitious targets to reduce the footprint of our products and production, including our suppliers.

SDG number 13, 'Climate Action' is closely tied to our climate target of halving our CO<sub>2</sub> footprint, including product usage, production and transportation. We are committed to achieving Science Based Emission Targets, and have set a new target to increase the share of renewable energy used in our operations to 50%.

SDG number 8, 'Decent work and economic growth' is a priority for Electrolux. Our Code of Conduct, first established in 2002, sets out decent labor standards as a requirement for our operations as well as for our suppliers.

## SUSTAINABLE DEVELOPMENT GOALS



# Management approach

The Group's operational values affirm the corporate culture and commitment to sound and universal ethical business practices. They are defined as ethics, integrity, respect, diversity, safety and the environment. As an endorser of the UN Global Compact, Electrolux aligns the management of the company with universal principles. These include the environment, labor and human rights through Group codes and policies, both internally and along the supply chain.

The following tables cover Global Reporting Initiative (GRI) aspects that are deemed material to the Group's operations. The most relevant aspects are integrated into the nine 'For the Better' Promises and our approach is outlined under each related promise in other areas of this report, most notably under 'Progress 2016'. The aspects have been clustered if they have a common management approach or policy.

## **Sustainability governance**

Our framework for sustainability leadership - For the Better - is directly overseen by our Group Management. Group Management and Sector Management teams have been engaged in the development of the priorities and objectives for our nine promises. In 2016, this involved further definitions of KPIs and targets for the framework, and formal support for the approaches to human rights and social investment. During the year, Group Management also approved a position paper on Climate Change and another on Product Recycling Sustainability, which were both part of the agenda of two Group Management meetings during 2016.

Each business sector is responsible for contributing to the fulfilment of the group targets under the nine promises and several of the KPIs are broken down and followed up at sector level.

In order to drive the agenda forward on specific sustainability related topics, a number of reference groups and steering groups with Group Management and Senior management participation are in place for various programs, e.g. the Ethics & Human Rights Steering Group (EVP of HR, General Legal Counsel, VP Sustainability, VP Corporate Communications), the Connectivity Forum (COO), and Global Industrial Operations (operational efficiency and health & safety).

Group Sustainability Affairs is the expert function within the group that drives the development of the sustainability agenda, supports the business to enable the efficient integration of sustainability throughout operations, and follows up on results.

## **Economic**

For 2016 information regarding our economic management approach and reporting practices, see Accounting principles and Market information. Financial objectives are presented in our Mission - financial goals.

## **Environment**

### **Policies and governance**

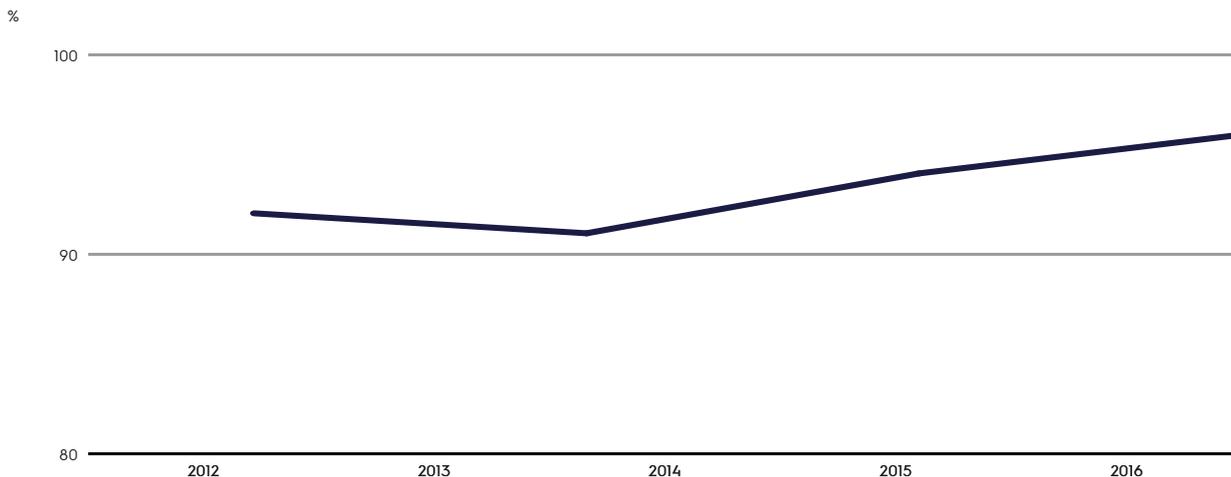
The Electrolux Environmental Policy outlines how Electrolux intends to improve environmental performance in production and product use, as well as how to design products for disposal. A description of how to meet expectations in our own operations and among suppliers is available in the Workplace Standard.

Electrolux applies a product lifecycle approach to managing environmental impacts, which takes into account all phases of a product's lifecycle: from supplier impacts through to transport, manufacturing and product use. We also apply the precautionary principle - whereby we act responsibly despite not having the full scientific knowledge of negative impacts - to ensure we stay ahead of potential risks, such as in managing chemicals.

Each business area is required by Group Management to implement an environmental management system throughout its operations. All operations with 50 employees or more are expected to have ISO 14001 certification.

Auditing and Monitoring outlines how operations and suppliers meet Group expectations and commitments.

## ISO 14001 certification



The share of factories with more than 50 employees that have certified ISO14001 environmental management systems.

## Environment

Aspect	Policy, governance and commitments	Responsibility & resources	Training and specific actions
Transport		<p>Responsibility lies with each business area. The goal is monitored and coordinated through our Sustainability Affairs function.</p> <p>As outlined in the Promise <a href="#">Improve sustainability in the supply chain</a>.</p>	<p>All our shipping suppliers must be a member of Business for Social Responsibility's Clean Cargo Working Group to standardize calculations for emissions.</p> <p>Developed the partnership with Maersk Line to improve sustainability performance of shipping transport</p>
Supplier environmental assessments	<p>Outlined in the Code of Conduct and Workplace Standard. Code of Conduct compliance is mandatory and non-negotiable parts of evaluating potential and existing suppliers.</p> <p>Workplace Standard outlines that OEM and ODM suppliers must measure and monitor their energy use and report it through the energy-reporting standard.</p> <p>As of this year, they must report on water impacts as per WWF's Water Risk Filter.</p>	<p>Responsibility lies with each Business Area's Sourcing Board, with the support of the Responsible Sourcing Team and Sustainability Affairs.</p> <p>As outlined in Promise <a href="#">Improve sustainability in the supply chain</a>.</p>	<p>Approximately 56(80)% of OEM suppliers report on their energy use</p> <p>At present, supplier energy consumption is not integrated into the Group's external reporting of energy use.</p> <p>Applied WWF's Water Risk Filter to help map locations at risk of water stress.</p>

## Social

We support labor rights as set out by the ILO Core Conventions and the Declaration on Fundamental Principles and Rights at Work. We have an [International Framework Agreement](#) with the global unions, affirming our commitments in this area. Our Code of Conduct and Workplace Standard apply in equal measure to Electrolux's operations and throughout the supply chain.

The report section on auditing and monitoring outlines how operations and suppliers meet Group expectations and commitments.

### Labor practices, human rights and society

Aspect	Policy, governance and commitments	Responsibility and resources	Training and specific actions
Investment	Human rights screening is included in our acquisition processes of new operations.	Responsibility lies with each business area line management, supported by Group Legal and Sustainability functions.	This was the case in the purchase of a new Professional manufacturing site in China in 2015.
Non-discrimination, child labor, forced or compulsory labor	Specified in the Code of Conduct and Workplace Standard.  As outlined in the Promise <a href="#">Always act ethically and respect human rights</a> .	Responsibility lies with each unit's line management, including communication requirements within their unit through training, and annually assessing the unit's performance.	Group-wide Code of Conduct e-learning was launched in 2015 and continued in 2016. Code of Conduct compliance is reviewed and discussed with employee representatives on an ad hoc and annual basis. Dialogue covers the outcomes of Code of Conduct assessments and internal audits, an overview of cases reported through the Ethics Helpline and general improvement areas. Code of Conduct compliance and general improvement areas are discussed with employee representatives. Topics can include outcomes of Code of Conduct assessments and internal audits, and overview of cases reported through the Ethics Helpline.
Occupational health and safety	Specified in the Code of Conduct and Workplace Standard. A Safety Management System is in place that covers all manufacturing facilities. Each facility has developed a plan to contribute to the group-wide goal. The overriding aim is to prevent injuries and environmental incidents from occurring in the first place.	The Global Industrial Operations safety team defines goals, monitors progress, shares best practice and implements the monthly recording system and daily incident reports, in order to align according to production groups, regions and product line.  As outlined in the Promise <a href="#">Ensure the best health and safety</a> .	Ongoing local workshops and training on safety procedures, reporting systems and certification programs. Global Safety Day, designed to engage employees in manufacturing, and inform of the 'best performing' and 'most improved' regional facilities.

Training and education	<p>One of the focus areas of the People Plan is to become a Learning Organization. The company's training and education program is built on the 70-20-10 learning model. 70% of the learning is achieved through challenging assignments and on-the-job experience, 20% of the learning is developed through relationships, networks, and feedback and 10% of the learning is delivered via formal training processes.</p>	<p>Responsibility lies with each unit's line management, supported by each business area and Group HR functions.</p>	<p>On average, white-collar employees received 13 (17) hours of training in 2016.</p>
Employment, Diversity and equal opportunity	<p>As specified in the Code of Conduct and Workplace Standard.</p> <p>A component of the Business Strategy, the People Plan, describes our aim to become a high performing learning organization with the right people in the right jobs. The Appointment of Senior Managers, the Recruitment and Internal Transfer Policy, and the Grandparent principle - are designed to ensure fair and transparent hiring practices - together with the Compensation Policy and Pension.</p> <p>As outlined in the Promise <a href="#">Always act ethically and respect human rights.</a></p>	<p>Senior Vice President of Human Resources sets the People Plan, and is responsible for the HR-related policies. Implementation of policies and remuneration are managed through sector responsibility.</p> <p>As part of the Talent Planning process for the Top 200 positions, opportunities for promoting women are constantly reviewed.</p>	<p>Through performance appraisals and talent reviews, we evaluate the performance of our people and focus on their development, whilst at the same time promoting diversity and equal opportunities.</p> <p>Through appraisals and talent reviews, we evaluate our people and focus on their development</p> <p>The annual Employee Engagement Survey measures employee engagement and their perceptions on equal opportunities and diversity. The continuous assessment of HR data provide us an insight into our progress. We focus on stimulating our ways of working to attract, develop and retain more female qualified candidates for first time leadership and project management roles in our core of business. A pilot initiative to increase the proportion of women in R&amp;D positions is planned for 2017.</p>
Labor & management relations	<p>Specified in the Code of Conduct and Workplace Standard.</p> <p>Industrial Relations Strategy.</p> <p>The International Framework Agreement, signed together with the Swedish trade unions IF Metall, Unionen and IndustriAll, informs our strategy. In the agreement, Electrolux and key unions underline the Group's commitment to maintain the same standards in all countries it operates, specifying core ILO conventions.</p>	<p>Primary responsibility for realizing the strategy locally lies with the country and local line organizations, supported by HR Country Managers and the Group Industrial Relations function. Best practice is shared across regions through the HR country manager network.</p>	<p>Dialogue with international unions such as IndustriAll and IF Metall, learnings from experiences in emerging markets, and engagement with investors informed the strategy process. Specialized training on the strategy for line managers is ongoing. Code of Conduct training for employees includes guidance on employee rights for the freedom of association.</p>

Supplier assessment for labor practices and human rights	<p>Specified in the Code of Conduct and Workplace Standard.</p> <p>Code of Conduct compliance is mandatory and non-negotiable parts of evaluating potential and existing suppliers.</p> <p>As outlined in Promise <a href="#">Improve sustainability in the supply chain.</a></p>	Responsibility lies with the Sourcing Boards in each region, with support from the Responsible Sourcing Team.	Prospective suppliers are required to outline their capabilities and performance in labor, human rights, and environmental management. Electrolux employees in key positions in procurement receive training on the requirements of the Code of Conduct.
Security practices	<p>Specified in the Code of Conduct and Workplace Standard.</p> <p>A new Security Program was developed in 2015, covering selection criteria for security providers, requirements for security guards, and incident reporting.</p>	Primary responsibility for fulfilling the Code and Security Program locally lies with unit line management, supported by the Chief Security Officer.	<p>The program – including internal inspections and Code of Conduct audits in the supply chain – was implemented during 2016.</p> <p>Security inspections are performed at all sites and offices in accordance with the Security Program.</p> <p>Security requirements are included in Code of Conduct training for all employees and line managers, as well as in the ALFA self-assessment for plant managers.</p>
Grievance mechanisms for labor practices, human rights.	<p>In line with Group Policies, we have launched a confidential reporting mechanism – the Ethics Helpline. Employees can report misconduct confidentially and anonymously (where legally permitted) without fear of negative consequences. It can be accessed by 99% of our employees.</p> <p>Suppliers can report possible non-compliances through the Code of Conduct mailbox.</p> <p>As outlined in the Promise <a href="#">Always act ethically and respect human rights.</a></p>	Accountability for the grievance mechanism lies with the Ethics and Human Rights Steering Group, which comprises of representatives from Group Management. Trained investigators are assigned to the cases and are responsible for the investigations, in line with our principles of confidentiality and integrity. Most cases relate to abusive or discriminatory behavior.	A grievance mechanism was introduced for Electrolux suppliers in 2015.

Anti-corruption, anti-competitive behavior	<p>Specified in the Code of Ethics, Policy on Corruption and Bribery, Policy on Anti-trust and the Code of Conduct</p> <p>As outlined in the Promise <a href="#">Always act ethically and respect human rights.</a></p>	<p>The Corporate Legal department is responsible for the policies on corruption and bribery, and anti-trust, and for communication and follow up. Management Assurance and Special Assignments (MASA), conducts investigations into reported cases of corruption. The Ethics at Electrolux program, including the Ethics Helpline, is a cross-functional initiative, led by Sustainability Affairs together with Human Resources, Group Legal and Internal Audit (MASA) through the Ethics Steering Group.</p>	<p>We apply a risk-based approach to training relating to corruption and bribery, targeting policy training for those working in sales, marketing and procurement</p> <p>An e-learning on anti-corruption and anti-trust, which was launched in 2015 and continued in 2016, includes training and information for all employees.</p>
Public policy	<p>Overall responsibility for public policies and positions lies with Group Management and functional heads. Coordination of positions and other public affairs matters is managed by the Group External Affairs Committee, consisting of representatives from the business sectors.</p>	<p>Responsibility for establishing contacts with their respective policy-makers lies with each business area. Public policy initiatives are primarily conducted through industry organizations such as the European Appliance Industry Association (CECED) and the American Home Appliance Manufacturers Association (AHAM).</p>	<p><b>2016 key actions</b> Influencing policy in:</p> <p><b>Europe</b> EU legislation on circular economy and resource efficiency</p> <p>EU waste and chemical legislation</p> <p>Revision of the EU energy label legislation framework</p> <p><b>North America</b> Environmental Protection Agency (EPA) rulemaking</p> <p>Energy efficiency standards</p> <p><b>Asia Pacific</b> Revised water efficiency and energy labelling requirements</p> <p>Chemical regulations</p> <p><b>Latin America</b> Recycling regulations in several countries</p>

# Recycled material is making it big

After successfully being used in our vacuum cleaners, recycled plastic is now also used in major appliances, taking us nearer to a closed resource loop. At the same time, we are working to increase the proportion of scrap-based steel we use.

## Patented recycled plastic

Electrolux continues to invest in Carborec<sup>®</sup>, a new plastic compound based on recycled polypropylene. Now the material is effectively in production in various product lines in major appliances.

In 2016, the amount of recycled plastic used in appliances increased to 7,400 tonnes, which is over 1,000 tonnes more than in 2015 and nearly double the amount than in 2014. We aim at increasing the volume of recycled plastic used to 20,000 tonnes annually by 2020.

We continue to identify appliances where Carborec<sup>®</sup> could be used, add to the components and appliances where it is already applied, and move ahead with even more products with recycled plastics.

Carborec<sup>®</sup> was developed by the Electrolux Global Connectivity & Technology (Electrolux GC&T) team and has been optimized for use in appliances.

## Closing the loop

Using recycled plastic has obvious environmental benefits. After the product use phase, appliance raw materials have the largest lifecycle environmental impact. By replacing virgin materials with recycled plastics, we significantly reduce environmental impacts and promote a more closed resource loop. The recycled plastic used for Carborec<sup>®</sup> emits over 30 percent less equivalent carbon emissions than virgin material.

All in all, Carborec<sup>®</sup> is opening doors to better products, new business opportunities and less environmental impact.

## Scrap-based steel

Electrolux has increased the proportion of recycled steel in its products from 7 percent in 2013 to 22 percent in 2016. This has reduced steel-related CO<sub>2</sub> emissions by 170,000 tonnes.

Steel is the largest material we use by volume, and its production is a significant source of CO<sub>2</sub> emissions. By shifting our supply from iron ore-derived steel to scrap-based steel, we can significantly reduce our material CO<sub>2</sub> footprint. We have already begun this shift toward scrap-based steel in North America, which has reduced our steel carbon footprint considerably. The next step will be to identify sources of scrap-based steel in the other regions.

<sup>1</sup>CTM registration



## Forward-thinking

Electrolux GC&T developed Carborec<sup>®</sup> as part of their ongoing commitment to deliver efficient solutions and technologies for a more sustainable use of resources in Electrolux products, based on a thorough lifecycle assessment. The GC&T team is responsible for bringing the Group's connected appliances and related systems to the market by overseeing their strategy, development, launch and maintenance. It also drives innovation in the key technology domains of electronics, robotics and artificial intelligence, user experience, digital processes, materials, hygiene, acoustics and sustainable solutions. GC&T works to expand external business-oriented cooperation through Open Innovation and in close interaction with leading universities and research institutes. It identifies the latest technology relevant to Electrolux appliances globally.

# The future of laundry: From lonely chore to social event?

What will life at home be like 20 years from now? How will our children and their children lead their lives? Electrolux is helping HSB Living Lab and Chalmers University find out.

By the end of 2016, we set up the Electrolux Future Laundry Studio as part of HSB Living Lab, a unique Swedish research project aimed at developing tomorrow's living spaces. This is just one of our many efforts to deliver great and sustainable consumer experiences.

## A living laboratory

HSB Living Lab consists of 29 apartments where the residents, who are either students, visiting scholars or HSB members, live in a constantly changing environment that is being monitored the entire time. In addition to the residential section and the shared laundry studio equipped with professional appliances, the building includes exhibition areas, conference rooms, offices and much more. It is literally a living laboratory where technological and architectural innovations will be tested for 10 years. Electrolux is one of nine contributing partners.

## State-of-the-art equipment

Electrolux has provided state-of-the-art equipment to the Future Laundry Studio. The washing machines have sensors that measure the amount of laundry and ensure that just the right amount of water and detergent are added. Also, we teamed up with Professor Larry Troups, who normally works at NASA in Houston, to come up with more fresh ideas to reduce water and energy consumption.

## Changing the entire experience

Apart from considering the environmental and financial costs of washing clothes, we are considering how we could change the entire experience of doing laundry. Perhaps, with ultra-efficient and silent machines, the shared laundry rooms typically found in Swedish apartment buildings could be converted into social spaces.

Being part of HSB Living Lab gives Electrolux the chance to challenge how we deal with textiles, and develop simpler and far more pleasant and sustainable ways of handling laundry.

[Learn more about HSB Living Lab and the journey towards the living of the future.](#)

## Partners for more sustainable living

The HSB Living Lab is supported by Electrolux and offers a unique platform to perform research, co-creation workshops and studies in a fully operational laundry studio. By enabling a common space, where innovative people from different areas can cooperate and develop ideas on how to shape a sustainable future living, the Lab aims to realize its vision to come up with new insights that would not be found in conventional research.

The Living Lab works as a hub for collecting ideas, helping to initiate projects and collaborating between adjacent businesses to promote more sustainable living. Electrolux Professional is a stakeholder in the research board, which monitors and initiates projects primarily related to laundry, whilst acting as a link to the rest of the Electrolux Group.

“The partnership means that we can access data, behavior patterns and knowledge to put our products into a broader perspective and gives us a deeper understanding to develop even more sustainable solutions for the future.”

Mattias Johansson, Innovation & Technology Manager, Electrolux Professional

# Helping to feed the planet

When you think of it, food is a pretty daunting subject. Hundreds of millions of people are undernourished, and at the same time, well over 1 billion tonnes of food is wasted each year.

Discouraging? Perhaps. But Electrolux chooses to tackle the challenges associated with food head on. The company has adopted a global approach to social investment, focusing on food and sustainability.

## New foundation for employee initiatives

The Group's first move was to set up the Electrolux Food Foundation in September 2016, a long-term platform for funding employee initiatives in food and sustainability to support the communities around us. Electrolux has initially invested SEK 10m to establish the Food Foundation financed Feed the Planet, which is a Worldchefs (World Association of Chefs' Societies) initiative in partnership with the youth organization AIESEC.

## Chefs of the world make a difference

Feed the Planet encourages members of Worldchefs to bring about positive change in the world. And since the organization is made up of around 10 million chefs in over 100 countries, ready to use their profession and influence for good, we are set to achieve great things.

"Feeding the world's growing population in a sustainable way is one of the greatest challenges of our time. We believe Electrolux has both a responsibility and an opportunity to contribute on issues related to cooking and food consumption", says Jonas Samuelson, President and CEO of Electrolux.

By working together, the Feed the Planet partners hope to leverage their expertise, network and global reach to make the most of their individual contributions to a sustainable food future. Their common goal is to inspire better cooking and eating habits both at home and among professionals, promoting healthy and planet-friendly choices. Feed the Planet reaches out to people in need; the support ranges from advice on cooking on a tight budget to providing emergency relief.

While alarming numbers of people suffer from not having access to enough nutritious food, some parts of the world do not make use of what they actually have. Electrolux contributes in different ways – some actions are meant to help here and now, for instance the 16,000 meals donated during one week in 2016 in the US, while other take aim at longer term change, such as changing consumer behavior to minimize food waste.



## Feed the Planet: Our goals

- Asia food waste program
- Educational kitchen in Curitiba, Brazil
- Supporting Stockholm City Mission, Sweden
- Working together with Food Sharing, Poland
- Supporting global humanitarian work through Worldchefs without Borders
- Sustainability curriculum for chef schools around the world



# Food Foundation

### **Food is no beauty contest**

One initiative that aims to influence longer term consumption habits is the campaign #UglyIsTheNewGood by Electrolux Singapore. Close to half (!) of food produce does not make it from the farm to the grocery store and on to people's plates, in part due to imperfections. So enormous quantities of fruit and vegetables go to waste, simply because they do not fit the food industry's strict 'beauty standards'. #UglyIsTheNewGood encourages people to eat 'ugly' food to help reduce food waste. Also, the website [happyplate.sg](http://happyplate.sg) offers ideas on how to use ugly food, with a range of delicious and nutritious recipes created by Eric Low, a well-known Singaporean/local chef.

#UglyIsTheNewGood is part of a broader Asia Pacific program, with initiatives so far in Singapore, Thailand, Malaysia and Vietnam. The programs all combine raising awareness on food waste amongst consumers with food donations to families and children in need, through collaborations with food banks and other not-for-profit organizations. Since the program's inception in late 2015, it has achieved the following:

- 5 initiatives in 14 months
- Close to 15,000,000 people reached through 72,119 likes/shares on social media, 39 broadcast clips, and 158 print & online coverage
- 71,549 meals/food bundles donated
- 2 Regional Industry Awards

### **More to come**

The challenges to do with food are daunting to say the least, which is precisely why more of us need to come up with even better solutions and put them into action. Electrolux is committed to doing their part:

"We have had a global approach to the impact of our operations and products for many years. Now, we are widening the scope of sustainability to address our role in society in a more focused way," says Samuelsson.

In 2016, the Electrolux Food Foundation reviewed several long-term employee projects to be funded in the next few years.

# Electrolux keeps hospital infections away

Bacteria spread easily through sheets, towels and other textiles. Therefore, when it comes to laundry in healthcare facilities, one cannot be meticulous enough.

Infections in hospitals are a bigger challenge than one might think. In fact, around 30 percent of patients in intensive care units (ICU) are affected by at least one healthcare-associated infection. And this is in high-income countries. In low- and middle-income countries, the situation is even worse; the frequency of ICU-acquired infections is at least two or three times higher. So strict hygiene standards, also when it comes to seemingly ordinary tasks like doing laundry, are crucial to ensuring patient safety. Electrolux has both the equipment and the expertise to help combat infections and maintain hygiene.

## Holistic and strict approach

Electrolux Professional has a holistic approach to laundry hygiene with both laundry equipment that maintains top level hygiene and expertise. At the core, we have the Laundry Cycle Management concept. It applies the barrier principle at all steps of the linen cleaning process from dirty bed to clean bed. Barrier laundry basically means that dirty laundry never gets in contact with clean laundry to avoid contamination. The Laundry Cycle Management ensures that clean linen is not contaminated by dirty linen or the surrounding environment.

“Washing linen is an easy task for any hospital, but keeping it uncontaminated until it is used is the real challenge. Our approach makes a real difference in terms of resource efficient,” says Landry Guillochon, Global Segment Manager Care at Electrolux Professional.

The equipment is developed in close co-operation with users and global experts on healthcare hygiene. Equally important, Electrolux Professional is actively involved in advising hospitals and other healthcare facilities on how to manage the laundry cycle to maintain top hygiene.



Laundry Cycle Management by Electrolux.



The dirty side of the Barrier Laundry at PUMCH hospital in China.



Unloading a 70 kg Pullman Barrier Washer.

### **A new level of hygiene**

The company's largest collaboration to date is the development of a barrier laundry system at China's most renowned hospital PUMCH (Peking Union Medical College Hospital). The hospital specializes in severe diseases and is a huge operation. It covers a total area of 530,000 square meters, offers 2,000 beds, receives over 5 million outpatients annually and handles more than 14 tons of laundry every day.

"This is an impressive example of modern healthcare laundry management. It has set the standard for washing performance in Chinese healthcare, with better hygiene and improved patient safety," says Guillochon.

Electrolux Professional's collaboration with PUMCH is a top reference project within Electrolux Professional and the industry.

### **Spreading the word**

Building on the experience from PUMCH and other collaborations, Electrolux Professional has continued to spread the word about Laundry Cycle Management and the services to support healthcare facilities all over the world. Several national healthcare systems have since embraced the Laundry Cycle Management approach.

"We want to promote our capacity to support hospitals and other facilities with holistic solutions, far beyond just installing washers and dryers," says Guillochon.

# Treating your clothes with respect

We work hard to create high-performing washing machines that take better care of fabrics, save money and reduce the environmental footprint.

Electrolux offers a range of technologies and appliances with superb environmental performance. Say hello to two of our best caring friends, SoftWater Technology for consumers and Efficient Dosing System for professional users.

## No fading, wash after wash

The new SoftWater Technology, available in the AEG 9000 Series washing machines, prevents fading and keeps fabrics soft and in-shape while reducing the environmental impact of laundry.

Water contains minerals that are harsh on fabrics. To keep the minerals from harming garments, SoftWater Technology purifies and softens the water used, without adding chemicals. The inlet water passes through an ion-exchange filter, where damaging minerals are removed and replaced with clothes-friendly sodium ions. Detergents work more efficiently in soft water so the machine is able to deliver 60 degree cleaning performance at only 30 degrees. Washing at 30 degrees is much gentler on fabrics, so colors remain brighter for longer. It also reduces the use of energy and detergents.

SoftWater Technology became available under the Electrolux brand in December 2016.

## In a nutshell:

- **Clothes-friendly**  
SoftWater Technology removes minerals that are harsh on fabrics.
- **With a little help**  
An ion-exchange filtration system optimizes the water entering the drum for detergents and softeners to work at maximum efficiency, even at the lowest temperatures.
- **Color buddy**  
Maintains colors and prevents fading, while keeping fabrics soft and in-shape. This means you can keep your favorite clothes for longer!
- **Top rated**  
The AEG 9000 Series washing machines with SoftWater Technology are graded A+++ -70%, meaning they use 70 percent less energy than an A+++ rated washing machine.

This case study is related to our promise [Constantly improve product performance and efficiency](#)

## Professional Products

### All you have to do is press start

Overdosing on detergent is more of a rule than an exception, even in professional laundries. In most cases, the amount of detergent is not adapted to linen weight and the machine simply assumes a full load. With the Efficient Dosing System, Electrolux Professional machines work in the exact opposite way, resulting in the lowest cycle cost for big laundries, for instance in hotels and hospitals. The process is 100 percent automatic, so all you have to do is press start.

What is the difference between filling and washing a 100 percent and a 72 percent load? Watch this video to find out how to save up to 40 percent on your detergents.

# Bright ideas for better food

Electrolux has 60,000 employees and countless consumers in more than 150 countries. We reached out to hear what they have to say about one of our most pressing questions: how can Electrolux help people enjoy great-tasting food in a healthy, more sustainable way?

## Scan your recipe

Once again, we involved people in the Electrolux Ideas Lab, which is a global ideas competition to inspire creative thinking for the homes of today and the future. The contest is open for anyone over the age of 18.

We welcomed all ideas and any solution, as long as they helped inspire people to enjoy tastier, healthier and more sustainable home cooking in the future. We had 3,300 registered participants and 530 submitted ideas.

The winning idea was WatchYourself, a wrist-worn gadget that scans food straight off the supermarket shelf and projects recipes into the palm of your hand.

The winner, a product design student from Estonia, was awarded with a EUR 10,000 cash prize and a once-in-a-lifetime experience in Sweden. This VIP invite included introductions to some of the most inventive minds on the Scandinavian start-up scene, leaders from Electrolux and other corporate heavyweights who will act as mentors. Finally, the winner got to enjoy exceptional cuisine from some of the best chefs in the world.

## Inspiration from within

For the fourth time, we turned to our employees to bring new innovations to the fore through iJam, our crowdsourcing event. Over 9,300 colleagues came up with a total of 554 ideas for great-tasting, healthy and sustainable food.

iJam is a 72 hour online crowdsourcing event, where employees are invited to contribute ideas for products, accessories, consumables and services and collaborate to improve each other's ideas. iJam funnels ideas from employees into the Global Innovation Portfolio at Electrolux.

"We have received so many great ideas, not just products but experiences too, about how we can connect our smart devices and give new ways for consumers to interact with our products and benefit from them. We have 58,000 employees and we are consumers too; we all have ideas on how to improve our lives and those we get through iJam really gives us a competitive advantage."

Jonas Samuelson, President and CEO of Electrolux

This case study is related to our promise [Constantly improve product performance and efficiency](#)

## iJam

- 72-hour internal ideation online
- Internal crowd voting for the top 60
- Electrolux experts choose the top 20
- Internal crowd voting to the top 10
- Group Management selects top 3 winners

## Safe and sound operations at our suppliers

Electrolux's promise is clear – we will ensure that all suppliers live up to our high expectations on labor and human rights and environmental management, no matter where they are located. The only way to achieve this is to continuously work together.

### Clarity rules

"We want suppliers to realize that being a good employer and protecting the environment is not primarily about compliance, but about running a sound, future-oriented business," says Cecilia Nord, Group Sustainability Director Responsible Sourcing.

The Group's supply chain monitoring focuses on direct suppliers of components, finished goods and licensed products and services. The Electrolux Code of Conduct is the backbone of the supply chain efforts, and the Responsible Sourcing Program makes the difference in the field.

### Being safe at work

The approach involves assessing risks, systematically monitoring suppliers and supporting suppliers' improvement efforts. Electrolux conducts both country and supplier-by-supplier risk assessments, and these evaluations help our direct monitoring efforts. Potential suppliers are screened and critical existing suppliers are audited at least every second year.

In 2016, 471 audits were carried out to verify safety, labor and human rights, environmental management and governance among Electrolux suppliers around the world.



Jesus Garcia

Years with Electrolux: 6

28 years in manufacturing (the maquiladora industry in Ciudad Juarez)

Education: Industrial engineer, majored in total quality

Outside of work: Enjoys mountain biking

### Addressing non-compliance

After a full-scope audit, where the Electrolux auditor reviews all relevant documents, for instance payroll information and environmental permits, she/he carries out a physical inspection of the site and interviews both management and workers. Depending on the size of the site and workforce, an audit can take between one and five days for an auditor to complete.

The findings are then shared with the supplier's management and an action plan to remedy any non-compliances is drawn up. The auditor supports the supplier with this and verifies progress with follow-up audits. Many suppliers improve after just one follow-up audit, whereas other may require as many as four or five.

Beyond monitoring, specific efforts are made to improve sustainability performance among potential and existing suppliers. "We support and train suppliers to increase awareness and capabilities, especially when it comes to human resources and environmental management," says Nord.

### Passionate team

A total of 14 people are responsible for carrying out audits and supporting supplier improvements in the field, building close relationships with them at the same time. As part of the Group's Sustainability Affairs, the team also works closely with the Electrolux purchasing teams in their respective markets to select the best suppliers.

Jesus Garcia represents the team in Mexico and Nesreen Mosallam works in Egypt. Both are convinced that building close and long-term relationships with suppliers is the best way to go.

"My work is really rewarding, especially when suppliers realize that our program is a way for them to develop," says Garcia. "We have detected issues and managed to improve working conditions in many Mexican factories in recent years. Still, for many suppliers, the cooperation with Electrolux is their first contact with social compliance audits, and some companies have quite a long way to go."

Mosallam adds: "Electrolux started working in Egypt only a few years ago, and our requirements are still quite unfamiliar here. At the same time, I think requirements like ours will become more commonplace as electronics brands and other multinationals establish here."

"After the initial audit, our consulting work begins. Many manufacturers here face similar issues and therefore we are able to support suppliers with best practices to improve their operations," says Garcia. "And to improve performance further, I believe that we need to be even more proactive."



Nesreen Mosallam

Years with Electrolux: 6

Experience: Quality manager at the Electrolux cooker factory outside of Cairo

Education: Mechanical engineer

Favorite CoC section: Safety and environment

### Supplier audits in 2016

Latin America: 122

North America: 2

Europe, Middle East and Africa: 113

Asia Pacific: 234

## Responsible sourcing everywhere

In many cases, Electrolux has higher requirements than the local legislation and practices in place, which means that we raise the bar for suppliers when we start auditing them.

**Latin America and North America:** The number of findings per audit at suppliers decreased from 12.78 to 9.73 between 2015 and 2016. This makes this part of the world best in class. Mexico had only 6.27 findings per audit and the largest improvement (82%) between initial and follow-up audit in 2016, which is far above the global average of 57%. In Brazil, an increased incidence of certain kinds of findings, such as those relating to health and safety, can be partially explained by the economic downturn in the country.

**Europe, the Middle East and Africa:** EMEA has seen a significant drop in supplier findings per audit from, 12.2 in 2015 to 10.01 in 2016. All types of findings have decreased. The improvement rate between the initial and follow-up audit of 59% remains unchanged from last year.

**Asia Pacific:** The findings per audit have improved slightly, but there is an increase in the number of certain kind of findings – for instance regarding compensation violations, as well as environmental management. We expect the findings to continue in 2017, as we are increasing our focus on suppliers in South East Asia.

This case study is related to our promise [Improve sustainability in the supply chain](#)

## World climate leader

Electrolux is recognized as a world leader for our actions to help combat climate change, with ambitious climate objectives.

### Proactive climate work

We use on average 42 percent less energy to manufacture a product today than in 2005. Combined with our increased use of energy from renewable sources, this has led to a 50 percent reduction in our absolute carbon emissions in operations compared to 2005.

We are proud to be included in an exclusive group of companies worldwide, and one of only four Swedish companies, included in the 2016 CDP Climate A List.

“Reducing our climate impact is a core part of the Electrolux sustainability framework For the Better, and CDP’s assessment is one of the most important external references and shows we are at the forefront of the industry,” says Henrik Sundström, Head of Sustainability Affairs at Electrolux.

### Ambitious objectives

In 2016, we launched a new target to increase the proportion of renewable energy used in our operations to 50 percent. This means we have to more than double the share of renewable energy from today.

The new renewables target will contribute toward the Group’s target to halve carbon emissions by 2020. We are already on the way to achieving this through improving the energy efficiency of our products and our operational efficiency.

“This year, we have signed an agreement to only use electricity from renewables in 13 European manufacturing sites of major appliances, and are setting new goals for the rest of the world,” says Ernesto Ferrario, SVP Global Industrial Operations.



### This is CDP

CDP, formally known as the Carbon Disclosure Project, is an international, not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information.

# Together for energy efficiency

Driving product performance, Electrolux is engaged in developing global energy efficiency standards through the United Nations United for Efficiency (U4E) initiative.

## Better lives, less impact

With rising incomes and improving living standards in emerging economies, the demand for basic products such as appliances grows. Better quality of life for the many is clearly welcome, but will at the same time increase electricity demand and carbon emissions.

Fortunately, energy efficiency can provide up to 50 percent of the reduction in carbon emissions needed to meet the two-degree climate target, according to estimates by the International Energy Agency. So switching to highly efficient products will make it possible for people to enjoy modern life in a way some of us take for granted, all while minimizing their impact on the climate.

Electrolux is a member of U4E, a public-private partnership led by the United Nations Environment Program to promote high-efficiency appliances and equipment.

## Pushing for tougher rules

U4E aims to contribute to a 10 percent decrease in global electricity consumption, and an absolute reduction of 1.25 billion tonnes of carbon emissions, by 2030.

More specifically, U4E:

- Informs policy makers of the possible environmental, financial and economic savings of shifting to high-efficiency products
- Promotes global best practices in energy management in emerging markets
- Assists governments in swift and sustainable transformations of markets.

Electrolux, together with our industry partners, supports U4E with expertise, best practice data and examples to make the environmental and financial case for high-efficiency products. This includes energy labelling, incentive programs and how to effectively take care of redundant appliances.

## U4E was founded by:

- United Nations Environment Programme (UNEP)
- Global Environment Facility (GEF)
- United Nations Development Programme (UNDP)
- International Copper Association (ICA)
- CLASP
- Natural Resources Defense Council (NRDC)

U4E is supported by Electrolux and eight other private sector partners, as well as four technical organizations.



Partnering with UNEP to show the way towards more efficient appliances.

## Smarter laundry for businesses

Electrolux is now developing Pay-Per-Wash 2.0, an updated cloud-based laundry system for businesses.

Why invest in laundry machines when all you need is a service? In 2013, Electrolux Professional and its North American partner Laundrylux developed Pay-Per-Wash, mainly aimed at seasonal business such as restaurants and hotels. Paying per wash cycle helps these businesses avoid fixed costs and take care of the laundry in a sustainable way. A solution like Pay-Per-Wash makes better use of all resources involved, not just capital.

The first Pay-Per-Wash system used text messaging to monitor 'wash credits' that enable customers to run the laundry equipment. Pay-Per-Wash 2.0 will be even smarter and faster. The new Pay-Per-Wash for on-premises laundries is scheduled for launch in 2017.

This case study is related to our promise [Constantly improve product performance and efficiency](#)



# About this report

**For Electrolux, being transparent about our sustainability ambitions and how we measure, manage and integrate these priorities into our business is an important part of the annual reporting process.**

The 2016 Electrolux Sustainability Report presents the nine promises of the Group's 'For the better' sustainability approach. Using the Global Reporting Initiative (GRI) G4 sustainability reporting guidelines as our starting point, the report aims to deliver the information needs of different stakeholders on our work with sustainability. The report is presented in two versions: an abbreviated, printed report (available in pdf format) and an extended, comprehensive online report.

Based on a materiality analysis, our nine promises reflect the sustainability issues most relevant to Electrolux and our value chain. In the report, we outline why sustainability is relevant to our business, our priorities and response, our roadmap to 2020, how we measure progress, and our approach to managing each of the nine promises.

## Annual Report

Sustainability information is also integrated throughout the printed Annual Report. Targeted at shareholders and other stakeholders, the focus is on how sustainability issues relate to the business strategy, as well as goals and performance.

## Reporting realm

This report is based on the Global Reporting Initiative (GRI) framework G4. It is in accordance with Core, reviewed by a third party to ensure the accuracy and completeness of reporting. The GRI Index leads readers to information on relevant indicators as defined by G4. There is no applicable sector supplement for Electrolux.

Where relevant, this report also highlights how the Group's priorities reflect its commitment to the ten principles of the UN Global Compact. Electrolux has therefore considered the UN Global Compact "GC Advanced" level for reporting on its Communication on Progress. An index of the UNGC's 24 criteria is included in this report.

We are in an ongoing process to increase transparency on managing human rights related issues by responding to the disclosure requirements of the United Nations Guiding Principles Reporting Framework. We will continue to develop our reporting in the future.

Unless otherwise indicated, standard disclosures include all operations that can potentially affect Group performance.

## Boundary of the report

Data has been collected throughout the 2016 calendar year. This report covers 53,889 (52,464) employees at year end, encompassing our majority-owned operations, including 49 (53) factories, 28 (36) warehouses and 34 (35) offices, in 27 (39) countries. This represents 88% (90%) of our total number of employees at year end. Staff working at facilities with less than 30 employees are not included in this compilation.

The total average number of employees increased by 5% during 2016. Electrolux products are sold in over 150 markets globally.

Energy reduction performance was calculated according to the World Resources Institute (WRI). Electricity emissions factors were updated according to the CO<sub>2</sub> Emission from fuel combustion 2016 edition data set, as published by the International Energy Agency (IEA). To allow comparability, the electricity emission factors used in this report are offset by a three year period. Units using renewable energy have been defined as having a CO<sub>2</sub> emission factor of zero. Wherever possible, Electrolux reports on its performance indicators covering the last five years. Health and safety statistics are based on local definitions in terms of what constitutes a workplace injury and a lost day due to injury.

Throughout the report, as data is presented as part of the narrative, 2015 data is presented in (brackets).

The company's previous sustainability report was published in March 2016.

## External assurance

The Sustainability Report (as referenced in the GRI index) is reviewed in accordance with the Swedish standard RevR 6. See the enclosed [Assurance Statement](#) for information on the scope of assurance.

For more and continuously updated information on the Group's progress and performance in terms of sustainability issues, visit [www.electrolux.com/sustainability](http://www.electrolux.com/sustainability).

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# GRI Index

## Overview of Standard Disclosure requirements

This Sustainability Report is based on the Global Reporting Initiative (GRI) framework G4. It is in accordance with Core, reviewed by a third party to ensure the accuracy and completeness of reporting. This GRI Index directs readers to information on relevant indicators as defined by G4. References to indicators followed by an X in the below table, reflect, but do not fully meet the requirements as defined by GRI. There is no applicable sector supplement for Electrolux.

The index below outlines where GRI reporting elements are addressed in this Sustainability Report, in the Annual Report, and where they are disclosed online at [www.electroluxgroup.com](http://www.electroluxgroup.com).

For more information on the Global Reporting Initiative visit [www.globalreporting.org](http://www.globalreporting.org).

See About this report for more information on this review's reporting realm.

## GENERAL STANDARD DISCLOSURES

### GENERAL STANDARD DISCLOSURES

Standard Disclosure	Reference	Disclosure Requirements
<b>STRATEGY AND ANALYSIS</b>		
G4-1	<a href="#">CEO Statement: Significantly improved profitability</a>	CEO Statement about the relevance of sustainability to the organization and its strategy.
<b>ORGANIZATIONAL PROFILE</b>		
G4-3	AB Electrolux (publ)	a. Report the name of the organization.
G4-4	Brand and design	a. Report the primary brands, products, and services.
G4-5	St Göransgatan 143, Stockholm, Sweden	a. Report the location of the organization's headquarters.
G4-6	Electrolux deems that sustainability issues relating to product and operations are equally as relevant in all markets where it operates.  <a href="#">About this report</a>	The number of countries where the organization operates and significant operations or that are specifically relevant to the sustainability topics.
G4-7	<a href="#">Ownership and structure</a>  <a href="#">Share capital and ownership</a>	a. Report the nature of ownership and legal form.
G4-8	<a href="#">Market information</a>  <a href="#">Employees</a>	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).
G4-9	<a href="#">Electrolux offering</a>  <a href="#">Electrolux 2016</a>  <a href="#">Consolidated income statement</a>  <a href="#">Consolidated balance sheet</a>  <a href="#">Change in consolidated equity</a>	a. Report the scale of the organization, including: <ul style="list-style-type: none"> <li>• Total number of employees</li> <li>• Total number of operations</li> <li>• Net sales (for private sector organizations) or net revenues (for public sector organizations)</li> <li>• Total capitalization broken down in terms of debt and equity (for private sector organizations)</li> <li>• Quantity of products or services provided</li> </ul>

G4-10	<p>People and leadership</p> <p>Employees</p> <p>G4-10 Employment type by contract and Average number of employees per region</p>	<p>a. Report the total number of employees by employment contract and gender.</p> <p>b. Report the total number of permanent employees by employment type and gender.</p> <p>c. Report the total workforce by employees and supervised workers and by gender.</p> <p>d. Report the total workforce by region and gender.</p> <p>e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</p> <p>f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</p>
G4-11	G4-11	a. Report the percentage of total employees covered by collective bargaining agreements.
G4-12	<p>Progress 2016: Improve sustainability in the supply chain</p>	a. Describe the organization's supply chain.
G4-13	<p>About this report</p> <p>Items affecting comparability</p>	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.
G4-14	<p>Management approach: Environment</p>	a. Report whether and how the precautionary approach or principle is addressed by the organization.
G4-15	<p>CEO Statement: a transformational driver for Electrolux</p>	CEO Statement about the relevance of sustainability to the organization and its strategy.
G4-16	<p>Stakeholders inform our approach</p>	Memberships of associations (such as industry associations) and national or international advocacy organizations.

#### IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	<p>Consolidated financial statements</p>	Consolidated financial statements and if an entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report
G4-18	<p>Materiality process</p>	<p>a. Explain the process for defining the report content and the Aspect Boundaries.</p> <p>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content</p>
G4-19	<p>Management approach: Environment and Social</p>	a. List all the material Aspects identified in the process for defining report content
G4-20	<p>About this report</p>	The Aspect Boundary within the organization for each material Aspect
G4-21	<p>About this report</p>	The Aspect Boundary within the organization for each material Aspect
G4-22	<p>About this report</p>	a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.
G4-23	<p>About this report</p>	a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.

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## STAKEHOLDER ENGAGEMENT

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G4-24	<a href="#">Stakeholders inform our approach</a>	a. Provide a list of stakeholder groups engaged by the organization.
G4-25	<a href="#">Stakeholders inform our approach</a> <a href="#">Material analysis</a>	a. Report the basis for identification and selection of stakeholders with whom to engage.
G4-26	<a href="#">Stakeholders inform our approach</a>	Report the organization's approach to stakeholder engagement.
G4-27	<a href="#">Stakeholders inform our approach</a>	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.

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## REPORT PROFILE

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G4-28	<a href="#">About this report</a>	a. Reporting period (such as fiscal or calendar year) for information provided.
G4-29	<a href="#">About this report</a>	a. Date of most recent previous report (if any).
G4-30	<a href="#">About this report</a>	a. Reporting cycle (such as annual, biennial).
G4-31	<a href="#">About this report</a>	a. Provide the contact point for questions regarding the report or its contents.
G4-32	<a href="#">About this report</a>	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.
G4-33	<a href="#">About this report</a>	Current practice with regard to seeking external assurance for the report

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## GOVERNANCE

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G4-34	<a href="#">Committees of the Board</a> <a href="#">CEO Statement: a transformational driver for Electrolux</a>	Governance structures, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.
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## ETHICS AND INTEGRITY

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G4-56	<a href="#">People and leadership</a> <a href="#">Our values</a> <a href="#">Our promises: Always act ethically and respect human rights</a>	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.
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## ECONOMIC

### GENERAL STANDARD DISCLOSURES

Standard Disclosure	Reference	Disclosure Requirements	UN SDG
G4-DMA	<a href="#">Management approach</a>	Generic Management Approach	
G4-EC1	<a href="#">G4-EC1</a>	Direct economic value generated and distributed	2,7,9
G4-EC3	<a href="#">Post-employment benefits</a> <a href="#">Employees</a>	Coverage of the organization's defined benefit plan obligations	

## ENVIRONMENT

### GENERAL STANDARD DISCLOSURES

Standard Disclosure	Reference	Disclosure Requirements	UN SDG
<b>ASPECT: MATERIALS</b>			
G4-DMA	<a href="#">Management approach: Environment</a>  <a href="#">Progress 2016: Make better use of resources</a>	Generic Disclosures on Management Approach	
G4-EN1	<a href="#">G4-EN1</a>	Materials used by weight or volume	8,12
<b>ASPECT: ENERGY</b>			
G4-DMA	<a href="#">Management approach: Environment</a>  <a href="#">Our promises: Achieve more with less</a>	Generic Disclosures on Management Approach	
G4-EN3	<a href="#">Progress 2016: Achieve more with less</a>  <a href="#">Energy consumption within the organization</a>	Energy consumption within the organization	7,13
G4-EN5	<a href="#">Progress 2016: Achieve more with less</a>	Energy intensity	7,13
<b>ASPECT: WATER</b>			
G4-DMA	<a href="#">Management approach: Environment</a>	Generic Disclosures on Management Approach	
G4-EN8	<a href="#">Progress 2016: Achieve more with less</a>  <a href="#">G4-EN8</a>	Total water withdrawal by source	6

#### ASPECT: EMISSIONS

G4-DMA	Management approach: Environment	Generic Disclosures on Management Approach	
G4-EN15	Progress 2016: Achieve more with less G4-EN15 & G4-EN16	Direct greenhouse gas (GHG) emissions (Scope 1)	2,3,13,14,15
G4-EN16	Progress 2016: Achieve more with less  Progress 2016: Improve Sustainability in the Supply Chain  G4-EN15 & G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	3,12,13,14,15
G4-EN18	Progress 2016: Achieve more with less	Greenhouse gas (GHG) emissions intensity	
G4-EN20	G4-EN20	Emissions of ozone-depleting substances (ODS)	3,12

#### ASPECT: EFFLUENTS AND WASTE

G4-DMA	Management Approach: Environment	Generic Disclosures on Management Approach	
G4-EN22X	EN22X	Total water discharge by destination	3,6,12,14
G4-EN23	G4-EN23	Total weight of waste by type and disposal method	3,14
G4-EN24	Sustainability and environmental facts	Total number and volume of significant spills	

#### ASPECT: PRODUCTS AND SERVICES

G4-DMA	Management approach: Environment  Our promises: Constantly improve product performance and efficiency	Generic Disclosures on Management Approach	
G4-EN27	Progress 2016: Our climate targets	Extent of impact mitigation of environmental impacts of products and services	6,8,12,13,14

#### ASPECT: COMPLIANCE

G4-DMA	Management approach: Environment	Generic Disclosures on Management Approach	
G4-EN29	No significant fines or non-monetary sanctions have been identified as stated in the Board of Director's Report	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	

#### ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT

G4-DMA	Management approach: Environment  Progress 2016: Improve sustainability in the supply chain	Generic Disclosures on Management Approach	
G4-EN32	Progress 2016: Improve sustainability in the supply chain	Percentage of new suppliers that were screened using environmental criteria	

# LABOR PRACTICES AND DECENT WORK

## GENERAL STANDARD DISCLOSURES

Standard Disclosure	Reference	Disclosure Requirements	UN SDG
<b>ASPECT: EMPLOYMENT</b>			
G4-DMA	Management approach: Social	Generic Disclosures on Management Approach	5,8
G4-LA1X	LA1X	Total number and rates of employee turnover by age group, gender and region	
<b>ASPECT: LABOR/MANAGEMENT RELATIONS</b>			
G4-DMA	Management approach: Social	Generic Disclosures on Management Approach	
	Progress 2016: Always act ethically and respect human rights	Operational changes, including whether these are specified in collective agreements	
G4-LA4X	Progress 2016: Always act ethically and respect human rights	Number of sites with labor-management dialogue committees.	8
<b>ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>			
G4-DMA	Management approach: Social	Generic Disclosures on Management Approach	
	Progress 2016: Ensure the best health and safety		
G4-LA5	Progress 2016: Ensure the best health and safety	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	3,8
G4-LA6X	LA6X	Type of injury and rates of injury, lost days and total number of work-related fatalities, by region	8
	Progress 2016: Ensure the best health and safety		
<b>ASPECT: TRAINING AND EDUCATION</b>			
G4-DMA	Management approach: Social	Generic Disclosures on Management Approach	
G4-LA9X	LA9X	Average hours of training per year per employee by gender, and by employee category	4,5
<b>ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>			
G4-DMA	Management approach: Social	Generic Disclosures on Management Approach	
G4-LA12	People and leadership	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. Omission: Figures not reported per age group.	5

ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES

G4-DMA	<p>Management approach: Social</p> <p>Progress 2016: Improve sustainability in the supply chain</p>	Generic Disclosures on Management Approach	
G4-LA14	<p>Progress 2016: Improve sustainability in the supply chain</p>	Percentage of new suppliers that were screened using labor practices criteria	8,16
G4-LA15	<p>Progress 2016: Improve sustainability in the supply chain</p>	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	8,16

ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS

G4-DMA	<p>Management approach: Social</p> <p>Progress 2016: Always act ethically and respect human rights</p>	Generic Disclosures on Management Approach	
G4-LA16	<p>Progress 2016: Always act ethically and respect human rights</p>	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	16

# HUMAN RIGHTS

## GENERAL STANDARD DISCLOSURES

Standard Disclosure	Reference	Disclosure Requirements	UN SDG
<b>ASPECT: INVESTMENT</b>			
G4-DMA	<p>Management approach: Social</p> <p>Progress 2016: Always act ethically and respect human rights</p>	Generic Disclosures on Management Approach	
G4-HR1	Understanding and managing sustainability risks	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
G4-HR2	<p>Progress 2016: Always act ethically and respect human rights</p> <p>Snapshot (2015): Tailored training on the Code of Conduct</p>	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	
<b>ASPECT: NON-DISCRIMINATION</b>			
G4-DMA	<p>Management approach: Social</p> <p>Progress 2016: Always act ethically and respect human rights</p>	Generic Disclosures on Management Approach	
G4-HR3	Progress 2016: Always act ethically and respect human rights	Total number of incidents of discrimination and corrective actions taken	8,16
<b>ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
G4-DMA	Management approach: Social	General Disclosure on Management Approach	
G4-HR4	<p>ALFA</p> <p>Progress 2016: Always act ethically and respect human rights</p> <p>International Framework Agreement</p> <p>Internal CoC audit findings</p> <p>Understanding and managing sustainability risks</p>	Measures taken to support operations' rights to exercise freedom of association and collective bargaining	8
<b>ASPECT: CHILD LABOR</b>			
G4-DMA	<p>Management approach: Social</p> <p>Progress 2016: Improve sustainability in the supply chain</p>	Generic Disclosures on Management Approach	

G4-HR5	<p>Progress 2016: Improve sustainability in the supply chain</p> <p>Progress 2016:Always act ethically and respect human rights</p> <p>High and medium risk regions</p> <p>ALFA</p> <p>Internal CoC audit findings</p> <p>Understanding and managing sustainability risks</p>	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	8,16
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**ASPECT: FORCED OR COMPULSORY LABOR**

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G4-DMA	<p>Management approach: Social</p>	Generic Disclosures on Management Approach	
G4-HR6	<p>Progress 2016: Always act ethically and respect human rights</p> <p>High and medium risk regions</p> <p>Understanding and managing sustainability risks</p> <p>ALFA</p> <p>Internal CoC audit findings</p>	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	8

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**ASPECT: ASSESSMENT**

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G4-DMA	<p>Managing sustainability risks</p>	Generic Disclosures on Management Approach	
G4-HR9	<p>Auditing and monitoring</p> <p>Understanding and managing sustainability risks</p>	a. Report the total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	

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**ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT**

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G4-DMA	<p>Management approach: Social</p> <p>Progress 2016: Improve sustainability in the supply chain</p>	Generic Disclosures on Management Approach	16
G4-HR10	<p>Progress 2016: Improve sustainability in the supply chain</p>	Percentage of new suppliers that were screened using human rights criteria	
G4-HR11	<p>Progress 2016: Improve sustainability in the supply chain</p> <p>Managing sustainability risks</p>	Significant actual and potential negative human rights impacts in the supply chain and actions taken	

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**ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS**

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G4-DMA	<p>Management approach: Social</p>	Generic Disclosures on Management Approach	
G4-HR12	<p>Progress 2016: Always act ethically and respect human rights</p> <p>Auditing and monitoring</p>	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	

# SOCIETY

## GENERAL STANDARD DISCLOSURES

Standard Disclosure	Reference	Disclosure Requirements	UN SDG
ASPECT: LOCAL COMMUNITIES			
G4-DMA	<a href="#">Our promises: Be a force for good</a>	Generic Disclosures on Management Approach	
G4-SO1	<a href="#">Progress 2016: Be a force for good</a>	Operations with implemented local community engagement, impact assessments, and development programs.	
ASPECT: ANTI-CORRUPTION			
G4-DMA	<a href="#">Management approach: Social</a>  <a href="#">Progress 2016: Always act ethically and respect human rights</a>	Generic Disclosures on Management Approach	
G4-SO4	<a href="#">Progress 2016: Always act ethically and respect human rights</a>	Communication and training on anti-corruption policies and procedures	16
G4-SO5	<a href="#">Progress 2016: Always act ethically and respect human rights</a>	Confirmed incidents of corruption and actions taken	
ASPECT: PUBLIC POLICY			
G4-DMA	<a href="#">Management approach: Social</a>	Generic Disclosures on Management Approach	
G4-SO6	<a href="#">Code of Ethics</a>	Monetary and in-kind political contributions. The Electrolux Group observes neutrality with regard to political parties and candidates. Neither the Electrolux name, nor any resources controlled by any Group companies, shall be used to promote the interests of political parties or candidates.	16
ASPECT: ANTI-COMPETITIVE BEHAVIOR			
G4-DMA	<a href="#">Management approach: Social</a>	Generic Disclosures on Management Approach	
G4-SO7	<a href="#">Note 25, contingent liabilities</a>	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	16

# UNGC Advanced-level reporting

Electrolux endorses the United Nations Global Compact (UNGC) and its ten principles on the environment, labor practices, human rights and anti-corruption. Electrolux is also a signatory of the UNGC Water Mandate.

This UNGC Communication on Progress is aligned with the [UNGC's Advanced level of reporting](#). Where applicable, the below table indicates where readers can find examples of how Electrolux meets best practice levels in regards to the criteria for reporting as defined by the UNGC. The left-hand column indicates their information requirements. The areas that are marked in grey text under each criterion are not addressed in the report.

Electrolux reports in accordance with the [United Nations Guiding Principles](#) on Business and Human Rights reporting framework. A separate index has been created to guide readers to the relevant areas in the report that address human rights. Our work will continue to improve human rights reporting in future reports.

The 2016 Sustainability Report and the 2016 Annual Report reflect our commitment to these principles and the efforts to continuously improve performance. The 2016 Sustainability Report is third party assured.

See the enclosed Assurance Statement for information on the scope of assurance.



# Implementing the ten principles into strategies and operations

## UN Global Compact Advanced Criteria

## References

### Criterion 1: The COP describes mainstreaming into corporate functions and business units

The following best practices are described in our COP

- Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc) ensuring no function conflicts with company's sustainability commitments and objectives
- Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy
- Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary
- Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs
- Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts

[CEO Statement: a transformational driver for Electrolux](#)

[Management Approach](#)

[VP Statement: Constantly improving performance](#)

[Progress 2016: Our promises](#)

[Understanding and managing human rights risks](#)

### Criterion 2: The COP describes value chain implementation

The following best practices are described in our COP

- Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts
- Communicate policies and expectations to suppliers and other relevant business partners
- Implement monitoring and assurance mechanisms (e.g. audits/screenings) for compliance within the company's sphere of influence
- Undertake awareness-raising, training and other types of capacity building with suppliers and other business partners

[Value chain](#)

[Progress 2016: Improve sustainability in the supply chain](#)

[Managing sustainability risks](#)

# Human Rights Management Policies & Procedures

## UN Global Compact Advanced Criteria

## References

### Criterion 3: The COP describes robust *commitments, strategies or policies* in the area of human rights

The following best practices are described in our COP

- Commitment to comply with all applicable laws and respect internationally recognized human rights, wherever the company operates
- Integrated or stand-alone statement of policy expressing commitment to respect and support human rights approved at the most senior level of the company
- Statement of policy stipulating human rights expectations of personnel, business partners and other parties directly linked to operations, products or services
- Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties

Management Approach: Social

Code of Conduct

Our promises: Always act ethically and respect human rights

Our promises: Improve sustainability in the supply chain

### Criterion 4: The COP describes effective *management systems* to integrate the human rights principles

The following best practices are described in our COP

- Process to ensure that internationally recognized human rights are respected
- On-going due diligence process that includes an assessment of actual and potential human rights impacts
- Internal awareness-raising and training on human rights for management and employees
- Operational-level grievance mechanisms for those potentially impacted by the company's activities
- Allocation of responsibilities and accountability for addressing human rights impacts
- Internal decision-making, budget and oversight for effective responses to human rights impacts
- Processes to provide for or cooperate in the remediation of adverse human rights impacts that the company has caused or contributed to
- Process and programs in place to support human rights through: core business; strategic philanthropic/social investment; public policy engagement/advocacy; partnerships and/or other forms of collective action

Understanding and managing sustainability risks

Progress 2016: Always act ethically and respect human rights

Management approach: Social

Progress 2016: Be a force for good

Helping feed the planet

Safe and sound operations at our suppliers

### Criterion 5: The COP describes effective *monitoring and evaluation mechanisms* of human rights integration

The following best practices are described in our COP

- System to monitor the effectiveness of human rights policies and implementation with quantitative and qualitative metrics, including in the supply chain
- Monitoring drawn from internal and external feedback, including affected stakeholders
- Leadership review of monitoring and improvement results
- Process to deal with incidents the company has caused or contributed to for internal and external stakeholders
- Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue
- Outcomes of integration of the human rights principles

Auditing and monitoring

Our promises: Improve sustainability in the supply chain

Stakeholders inform our approach

Progress 2016: Always act ethically and respect human rights

Understanding and managing sustainability risks

# Robust Labour Management Policies & Procedures

UN Global Compact Advanced Criteria

References

## Criterion 6: The COP describes robust *commitments, strategies or policies* in the area of labor

The following best practices are described in our COP

- Reference to principles of relevant international labour standards (ILO Conventions) and other normative international instruments in company policies
- Reflection on the relevance of the labour principles for the company
- Written company policy to obey national labour law, respect principles of the relevant international labour standards in company operations worldwide, and engage in dialogue with representative organization of the workers (international, sectoral, national).
- Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners
- *Specific commitments and Human Resources policies, in line with national development priorities or decent work priorities in the country of operation*
- *Participation and leadership in wider efforts by employers' organizations (international and national levels) to jointly address challenges to labour standards in the countries of operation.*
- Structural engagement with a global union, possibly via a Global Framework Agreement

Code of Conduct

Understanding and managing sustainability risks

Our promises: Always act ethically and respect human rights

Our promises: Improve sustainability in the supply chain

International Framework Agreement

## Criterion 7: The COP describes effective *management systems* to integrate the labor principles

The following best practices are described in our COP

- Risk and impact assessments in the area of labour
- Dialogue mechanism with trade unions to regularly discuss and review company progress in addressing labour standards
- Allocation of responsibilities and accountability within the organization
- Internal awareness-raising and training on the labour principles for management and employees
- Active engagement with suppliers to address labour-related challenges
- Grievance mechanisms, communication channels and other procedures (e.g., whistleblower mechanisms) available for workers to report concerns, make suggestions or seek advice, designed and operated in agreement with the representative organization of workers

Understanding and managing sustainability risks

Stakeholders inform our approach

Progress 2016: Always act ethically and respect human rights

Management approach

Progress 2016: Improve sustainability in the supply chain

## Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labor principles integration

The following best practices are described in our COP

- System to track and measure performance based on standardized performance metrics
- Dialogue with the representative organization of workers to regularly review progress made and jointly identify priorities for the future
- Audits or other steps to monitor and improve the working conditions of companies in the supply chain, in line with principles of international labour standards
- Process to positively engage with the suppliers to address the challenges (i.e., partnership approach instead of corrective approach) through schemes to improve workplace practices
- Outcomes of integration of the Labour principles

Progress 2016: Always act ethically and respect human rights

Management approach

Stakeholders inform our approach

Progress 2016: Improve sustainability in the supply chain

Auditing and monitoring

ALFA

Internal code of conduct audit findings

# Environmental Management Policies and Procedures

## UN Global Compact Advanced Criteria

## References

### Criterion 9: The COP describes robust *commitments, strategies or policies* in the area of environmental stewardship

The following best practices are described in our COP

- Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development)
- Reflection on the relevance of environmental stewardship for the company.
- Written company policy on environmental stewardship
- Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners
- Specific commitments and goals for specified year

Our promises: Constantly improve product performance and efficiency

Our promises: Make better use of resource

Our promises: Eliminate harmful materials

Our promises: Achieve more with less

Our promises:  
Our climate targets

Management approach:  
Environment

Value chain

Environmental policy

Progress 2016: Improve sustainability in the supply chain

### Criterion 10: The COP describes effective *management systems* to integrate the environmental principles

The following best practices are described in our COP

- Environmental risk and impact assessments
- Assessments of lifecycle impact of products, ensuring environmentally sound management policies
- Allocation of responsibilities and accountability within the organization
- Internal awareness-raising and training on environmental stewardship for management and employees
- Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts

Management approach:  
Environment

Auditing and monitoring

Annual Report: Sustainability

Management approach: Social

### Criterion 11: The COP describes effective *monitoring and evaluation* mechanisms for environmental stewardship

The following best practices are described in our COP

- System to track and measure performance based on standardized performance metrics
- Leadership review of monitoring and improvement results
- Process to deal with incidents Audits or other steps to monitor and improve the environmental performance of companies in the supply chain
- Outcomes of integration of the environmental principles

VP statement:  
Constantly improving performance

Auditing and monitoring

CEO statement: Sustainability – a transformational driver for Electrolux

Progress 2016: Improve sustainability in the supply chain

Auditing and monitoring

ALFA

Internal code of conduct audit findings

# Anticorruption management policies and procedures

## UN Global Compact Advanced Criteria

## References

### Criterion 12: The COP describes robust *commitments, strategies or policies* in the area of anti-corruption

The following best practices are described in our COP

- Publicly stated formal policy of zero-tolerance of corruption
- Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes
- *Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption*
- *Detailed policies for high-risk areas of corruption*
- Policy on anticorruption regarding business partners

Code of Conduct

Understanding and managing sustainability risks

Our promises: Always act ethically and respect human rights

### Criterion 13: The COP describes effective management systems to integrate the anti-corruption principle

The following best practices are described in our COP

- *Support by the organization's leadership for anti-corruption*
- Carrying out risk assessment of potential areas of corruption
- Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees
- *Internal checks and balances to ensure consistency with the anticorruption commitment*
- *Actions taken to encourage business partners to implement anti-corruption commitments*
- Management responsibility and accountability for implementation of the anti-corruption commitment or policy
- Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice
- Internal accounting and auditing procedures related to anticorruption

Understanding and managing sustainability risks

Progress 2016: Always act ethically and respect human rights

Auditing and monitoring

Progress 2016: Improve sustainability in the supply chain

### Criterion 14: The COP describes effective *monitoring and evaluation mechanisms* for the integration of anti-corruption

The following best practices are described in our COP

- Leadership review of monitoring and improvement results
- Process to deal with incidentsPublic legal cases regarding corruption
- *Use of independent external assurance of anti-corruption programmes*
- Outcomes of integration of the anti-corruption principle

Progress 2016: Always act ethically and respect human rights

Management approach: Social

Annual Report: Note 24 Other liabilities

ALFA

Internal Code of Conduct audit findings

# Taking action in support of broader UN goals and issues

## UN Global Compact Advanced Criteria

## Reference

### Criterion 15: The COP describes core business contributions to *UN goals and issues*

The following best practices are described in our COP

- Align core business strategy with one or more relevant UN goals/issues
- Develop relevant products and services or design business models that contribute to UN goals/issues
- Adopt and modify operating procedures to maximize contribution to UN goals/issues

Our promises: Provide sustainable solutions for everyone

Our promises: Be a force for good

Relevant SDGs for Electrolux

Progress 2016: Constantly improve product performance and efficiency

### Criterion 16: The COP describes strategic social investments and philanthropy

The following best practices are described in our COP

- Pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy
- Coordinate efforts with other organizations and initiatives to amplify—and not negate or unnecessarily duplicate—the efforts of other contributors
- *Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups*

Our promises: Be a force for good

Progress 2016: Be a force for good

Snapshot: Help feeding the planet

### Criterion 17: The COP describes advocacy and public policy engagement

The following best practices are described in our COP

- Publicly advocate the importance of action in relation to one or more UN goals/issues
- Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues

Progress 2016: Be a force for good

Electrolux takes action

OECD Environmental ministers meeting

Constantly improving performance

### Criterion 18: The COP describes partnerships and collective action

The following best practices are described in our COP

- Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy
- Join industry peers, UN entities and/or other stakeholders in initiatives contributing to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives extending the company's positive impact on its value chain

Our promises: Be a force for good

Progress 2016: Be a force for good

Snapshot: Help feeding the planet

# Corporate sustainability governance and leadership

UN Global Compact Advanced Criteria

Reference

## Criterion 19: The COP describes CEO commitment and leadership

The following best practices are described in our COP

- *CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact*
- *CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards*
- *CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation*
- *Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team*

CEO statement: Sustainability – a transformational driver for Electrolux

Constantly improving performance

Electrolux takes action

## Criterion 20: The COP describes Board adoption and oversight

The following best practices are described in our COP

- *Board of Directors (or equivalent) assumes responsibility and oversight for long-term corporate sustainability strategy and performance*
- *Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability.*
- *Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress)*

CEO statement: Sustainability – a transformational driver for Electrolux

## Criterion 21: The COP describes stakeholder engagement

The following best practices are described in our COP

- *Publicly recognize responsibility for the company's impacts on internal and external stakeholders*
- *Define sustainability strategies, goals and policies in consultation with key stakeholders*
- *Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance*
- *Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'*

Stakeholders inform our approach

Value chain

Our promises: Always act ethically and respect human rights

# The UN Guiding Principles Reporting Framework

## POLICY COMMITMENT

A1 What does the company say publicly about its commitment to respect human rights?

Codes and policies

Code of Conduct

Our promises: Always act ethically and respect human rights

## EMBEDDING RESPECT FOR HUMAN RIGHTS

A2 How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?

Progress 2016: Always act ethically and respect human rights

Progress 2016: Improve sustainability in the supply chain

Understanding and managing human rights risks

## PART B: DEFINING THE FOCUS OF REPORTING

**B1 Statement of salient issues:** State the salient human rights issues associated with the company's activities and business relationships during the reporting period.

Understanding and managing human rights risks

**B2 Determination of salient issues:** Describe how the salient human rights issues were determined, including any input from stakeholders.

Understanding and managing human rights risks

Materiality process

**B3 Choice of focal geographies:** If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.

Understanding and managing human rights risks

High and medium risk regions

*B4 Additional severe impacts: Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.*

## PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES

### SPECIFIC POLICIES

C1 Does the company have any specific policies that address its salient human rights issues and, if so, what are they?

Code of Conduct

### STAKEHOLDER ENGAGEMENT

C2 What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?

Materiality process

Stakeholders inform our approach

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ASSESSING IMPACTS

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C3 How does the company identify any changes in the nature of each salient human rights issue over time? [Materiality process](#)

[Understanding and managing human rights risks](#)

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INTEGRATING FINDINGS AND TAKING ACTION

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C4 How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions? [Managing sustainability risks](#)

[Management approach: Social](#)

[Progress 2016: Always act ethically and respect human rights](#)

[Progress 2016: Improve sustainability in the supply chain](#)

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TRACKING PERFORMANCE

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C5 How does the company know if its efforts to address each salient human rights issue are effective in practice? [Auditing and monitoring](#)

[Internal Code of Conduct audit findings](#)

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REMEDICATION

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C6 How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue? [Progress 2016: Always act ethically and respect human rights](#)

[Auditing and monitoring](#)

[Performance: Improve sustainability in the supply chain](#)

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# UN Guiding Principles Reporting Framework

## POLICY COMMITMENT

<p><b>A1</b> What does the company say publicly about its commitment to respect human rights?</p>	<p>Codes and policies</p> <p>Code of Conduct</p> <p>Our promises: Always act ethically and respect human rights</p>
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## EMBEDDING RESPECT FOR HUMAN RIGHTS

<p><b>A2</b> How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?</p>	<p>Progress 2016: Always act ethically and respect human rights</p> <p>Progress 2016: Improve sustainability in the supply chain</p> <p>Understanding and managing human rights risks</p>
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## PART B: DEFINING THE FOCUS OF REPORTING

<p><b>B1</b> Statement of salient issues: State the salient human rights issues associated with the company’s activities and business relationships during the reporting period.</p>	<p>Understanding and managing human rights risks</p>
<p><b>B2</b> Determination of salient issues: Describe how the salient human rights issues were determined, including any input from stakeholders.</p>	<p>Understanding and managing human rights risks</p> <p>Materiality process</p>
<p><b>B3</b> Choice of focal geographies: If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.</p>	<p>Understanding and managing human rights risks</p> <p>High and medium risk regions</p>

*B4 Additional severe impacts: Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.*

## PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES

### SPECIFIC POLICIES

<p><b>C1</b> Does the company have any specific policies that address its salient human rights issues and, if so, what are they?</p>	<p>Code of Conduct</p>
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### STAKEHOLDER ENGAGEMENT

<p><b>C2</b> What is the company’s approach to engagement with stakeholders in relation to each salient human rights issue?</p>	<p>Materiality process</p> <p>Stakeholders inform our approach</p>
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## ASSESSING IMPACTS

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C3 How does the company identify any changes in the nature of each salient human rights issue over time?

Materiality process

Understanding and managing human rights risks

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## INTEGRATING FINDINGS AND TAKING ACTION

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C4 How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?

Managing sustainability risks

Management approach: Social

Progress 2016: Always act ethically and respect human rights

Progress 2016: Improve sustainability in the supply chain

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## TRACKING PERFORMANCE

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C5 How does the company know if its efforts to address each salient human rights issue are effective in practice?

Auditing and monitoring

Internal Code of Conduct audit findings

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## REMEDIATION

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C6 How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?

Progress 2016: Always act ethically and respect human rights

Auditing and monitoring

Progress: Improve sustainability in the supply chain

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# Awards and recognition

Rating agencies and sustainability rankings have recognized Electrolux's sustainability commitment and performance over the last year.

## Dow Jones Sustainability World Index

For the tenth consecutive year, Electrolux has been named Industry Leader in the Household Durables category in the prestigious Dow Jones Sustainability World Index (DJSI World). This year's assessment, published by RobecoSAM, notably showed a great improvement for Electrolux in the area of corporate citizenship and philanthropy.

DJSI World includes the 10% best-in-class economic, environmental and social performers among the world's 2,500 largest companies. Electrolux has been included every year since the index was launched in 1999.

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM 

## RobecoSAM

Electrolux has received the Gold Class award in the RobecoSAM Sustainability Yearbook, which is an annual rating of the leaders in corporate sustainability.

Each year, over 3,400 of the world's largest companies are invited to participate in the RobecoSAM Corporate Sustainability Assessment (CSA). Within each industry, companies with a minimum total score of 60 and whose score is within 1% of the top performing company's score receive the RobecoSAM Gold Class award. RobecoSAM also provides analysis to the prestigious global Dow Jones Sustainability Indices (DJSI).



## CDP Climate A List

Electrolux has been identified as a global leader in responding to climate change by CDP (formerly the Carbon Disclosure Project). The 2016 CDP Climate Change A list includes an exclusive group of companies.

CDP runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Thousands of companies submit annual climate disclosures to CDP for independent assessment against its scoring methodology.

## CDP's Supplier Climate A List

CDP also recognized Electrolux as a world leader for corporate action on climate change with a position on its Supplier Climate A List. Over 4,300 companies submitted information to be independently assessed against CDP's scoring methodology, and Electrolux is among the 3% that has been awarded an A grade for performance.



## 2016 Global RepTrak100

Ranking as the 78th world's most reputable company, Electrolux is included in the 2016 Global RepTrak® 100. The Global RepTrak® 100 is an annual study conducted by the Reputation Institute to measure a company's ability to deliver on stakeholder expectations in 7 key dimensions. It ranks the world's 100 most highly regarded and familiar global companies in 15 countries.



### Stoxx

As of September 2016, Electrolux is included in the STOXX® Global ESG Leaders indices. This index model is a first of its kind that allows investors to fully understand which financially material factors determine a company's ESG rating and why they are important. The STOXX® Global ESG Leaders indices have set new standards in terms of transparency and comprehensiveness in the ESG indexing space.

### Global Compact 100

The Global Compact 100 (GC 100), developed in partnership with Sustainalytics, is composed of a representative group of Global Compact companies, selected based on their implementation of the ten principles and evidence of executive leadership commitment and consistent baseline profitability.

### SustainAlytics

Electrolux was recognized as a Leader in the Consumer Durables industry by Sustainalytics, a global Environmental, Social and Governance (ESG) research and ratings firm. At the end of 2016, Electrolux had an overall ESG score of 84 out of 100 according to Sustainalytics.



## FTSE4Good

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Electrolux has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



# FTSE4Good



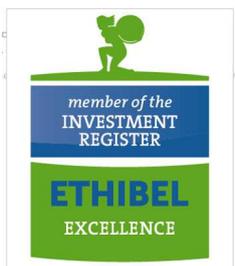
### Oekom Prime status

Oekom Research assesses the social and environmental performance of a company as part of the Corporate Rating, carried out with the aid of over 100 social and environmental criteria, selected specifically for each industry. Oekom Research awards Prime Status to those companies that are among the leaders in their industry, according to the oekom Corporate Rating, and that meet industry-specific minimum requirements.



### Ethibel Sustainability Index Excellence Europe

Electrolux B has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe since 25/10/2016.



### Ethibel Excellence Investment Register

Electrolux B has been reconfirmed for inclusion in the Ethibel EXCELLENCE Investment Register since 5/9/2016. This selection by Forum ETHIBEL ([www.forumethibel.org](http://www.forumethibel.org)) indicates that the company performs better than average in its sector in terms of Corporate Social Responsibility (CSR).

## Transparency in the supply chain

Please find Electrolux statement on the California Transparency in the Supply Chains Act and the UK Modern Slavery Act at [www.electroluxgroup.com/en/about-our-codes-and-policies-689/](http://www.electroluxgroup.com/en/about-our-codes-and-policies-689/).

## G4-10 Total workforce by employment type contract

### Employment type by contract

	Full time Indefinite	Part time Indefinite	Total Indefinite	Full time Temporary	Part time Temporary	Total Temporary	Total All
Electrolux White	10,192	369	10,561	1,585	9	1,594	12,155
Electrolux Blue	27,293	601	27,894	4,192	141	4,333	32,227
Supervised	1,370	3	1,373	1,771	1	1,772	3,145
<b>Total</b>	<b>38,855</b>	<b>973</b>	<b>39,828</b>	<b>7,548</b>	<b>151</b>	<b>7,699</b>	<b>47,527</b>

Number of employees at Year end: 53,889

Coverage of reporting: 88%

### Average number of employees per region

	2016	2015	2014	2013	2012
Europe, Middle East and Africa	24,290	24,795	25,768	27,655	28,456
North America	10,064	9,933	10,702	9,923	9,152
Latin America	16,218	18,325	18,478	18,242	17,492
Asia/Pacific	4,828	5,212	5,090	4,934	4,378
	<b>55,400</b>	<b>58,265</b>	<b>60,038</b>	<b>60,754</b>	<b>59,478</b>

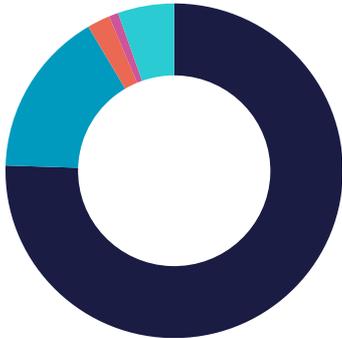
## G4-11 Employees covered by collective bargaining

	2016	2015	2014	2013	2012
G4-11 Employees covered by collective bargaining (%) <sup>1)</sup>	57%	59%	63%	63%	63%

<sup>1)</sup> Employees at production facilities covered by collective bargaining agreement. 21,052 of 36,649 at 49 production facilities were covered by collective bargaining agreements.

# G4-EC1

## Direct economic value generated



- Operating costs 75.5%
- Employee wages and benefits 16%
- Payments to providers of capital<sup>1)</sup> 2.2%
- Payments to government 0.9%
- Economic value retained 5.4%

<sup>1)</sup> In addition, share buy-back or redemption of shares.

# G4-EN1

## Material used by weight [tonnes]

	Metals <sup>1, 2</sup>	Plastics <sup>1, 2</sup>	Articles <sup>1, 2</sup>	Process material <sup>2</sup>	Others <sup>1, 2</sup>	Packaging products <sup>1, 3</sup>	Packaging suppliers <sup>3</sup>	Reusable Packaging <sup>2</sup>
2016	874,240	365,643	206,692	39,297	164,801	114,201	37,436	7,863
2015	905,509	379,617	255,043	34,736	181,588	119,161	37,890	9,128
2014	948,206	288,687	228,523	36,472	204,356	94,380	23,917	9,633
2013	946,706	414,496	245,953	36,154	292,330	85,846	14,983	5,001
2012	988,672	333,223	331,044	41,199	317,338	149,620	38,368	7,691

1) Direct material

2) Non-renewable

3) Approximately 55% non-renewable

## G4-EN3 Energy consumption within the organization (GJ)

Year	Oil	Coal	Natural gas	LPG	District heating	District cooling	Steam	Electricity	Renewables	Total
2016	18,023	0	1,478,737	95,872	68,313	7,438	981	1,784,351	588,173	4,041,887
2015	20,059	0	1,540,830	105,654	61,886	7,132	2,459	2,482,179	0	4,220,199
2014	20,935	0	1,605,591	165,127	57,691	7,427	2,704	2,514,975	0	4,374,450
2013	41,044	0	1,747,215	157,780	53,880	7,513	2,773	2,518,925	0	4,529,129
2012	33,228	0	1,757,249	209,864	58,115	8,064	2,201	2,541,095	0	4,609,815

## G4-EN8 Total water withdrawal by source in m<sup>3</sup>/year

Year	Surface water	Ground water	Rainwater	Wastewater from other org	Municipal water	Total water withdrawal
2016	77,323	2,487,081	5,962	27,344	1,680,074	4,277,784
2015	129,089	2,292,958	4,938	24,672	1,622,805	4,074,462
2014	182,078	2,483,112	5,155	32,099	1,700,681	4,403,125
2013	299,465	2,785,591	5,635	73,309	1,673,246	4,837,246
2012	115,330	3,501,882	54,100	44,496	1,912,067	5,627,875

## G4-EN15 & G4-EN16

Direct and Indirect greenhouse gas (GHG) emissions (Tonnes CO2)

	Direct CO2 emissions (Tonnes)	Indirect CO2 emissions (Tonnes)	Total CO2
2016	293,873	200,928	494,801
2015	351,662	287,714	639,376
2014	334,894	284,094	618,988
2013	369,982	286,336	656,318
2012	408,072	272,530	680,602

# G4-EN20 Emissions of ozone-depleting substances (ODS) (CFCeq)

Year	Production	Refrigerant	Foaming	Total [kg CFC eq]
2016	35	24	246	305
2015	72	16	246	334
2014	60	63	1,018	1,141
2013	107	61	230	398
2012	373	73	493	938

## G4-EN22 Total water discharge by quality and destination [m<sup>3</sup>/year]

Year	Municipal		Other recipients	
	Untreated	Pre-treated	Untreated	Pre-treated
2016	1,508,647	204,300	1,227,639	301,892
2015	1,897,303	187,827	1,166,629	430,337
2014	2,384,211	265,472	1,180,719	387,136
2013	1,638,043	388,048	1,247,808	1,389,240
2012	1,358,546	372,521	1,579,703	1,211,067

## G4-EN23 Total weight of waste in tonnes by type and disposal method

Year	Hazardous waste	Composting	Recycling	Incineration	Non-hazardous waste	
					Landfill	Deep well injection
2016	2,374	92	131,401	336	6,710	0
2015	2,978	66	146,567	1,616	8,270	0
2014	3,332	137	110,678	1,129	12,087	0
2013	3,693	188	141,581	483	14,077	0
2012	3,309	1,205	194,098	1,268	13,612	0
2011	2,197	1,503	138,919	749	12,642	0

# G4-LAIX

## Number and rates of employee turnover

2016	<30 years		30-50 years		>50 years		Total Male leaving	Total Female leaving
	Male Leaving	Female Leaving	Male Leaving	Female Leaving	Male Leaving	Female Leaving		
Asia Pacific	216	86	101	28	19	4	336	118
EMEA	623	328	546	447	215	148	1,384	923
Latin America	357	72	487	195	38	14	882	281
North America	1,213	1,101	861	869	109	74	2,183	2,044
	<b>2,409</b>	<b>1,587</b>	<b>1,995</b>	<b>1,539</b>	<b>381</b>	<b>240</b>	<b>4,785</b>	<b>3,366</b>
Rate of turnover per total employees at year end (LA1)	4%	3%	4%	3%	1%	0.4%	9%	6%

	2016	2015	2014	2013	2012
Total employees - Male	23,485	29,465	28,258	33,195	41,053
Total employees - Female	14,984	17,491	15,258	16,800	18,425
Employee turnover - All employees (%)	21%	32%	27%	14%	12%
Employee turnover - Male (%)	20%	32%	27%	16%	12%
Employee turnover - Female (%)	22%	32%	27%	12%	12%

# G4-LA9X

## Training 2016

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Region	Average hours of training per year per employee	Average hours of training per year per male	Average hours of training per year per female
Asia/Pacific	20	21	18
EMEA	0.7	6.9	5.7
Latin America	26.69	28.5	22.4
North America	5.2	N/A	N/A
<b>Average</b>	<b>13.1</b>	<b>18.8</b>	<b>15.4</b>

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## G4-LA6X

LA6X - Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region

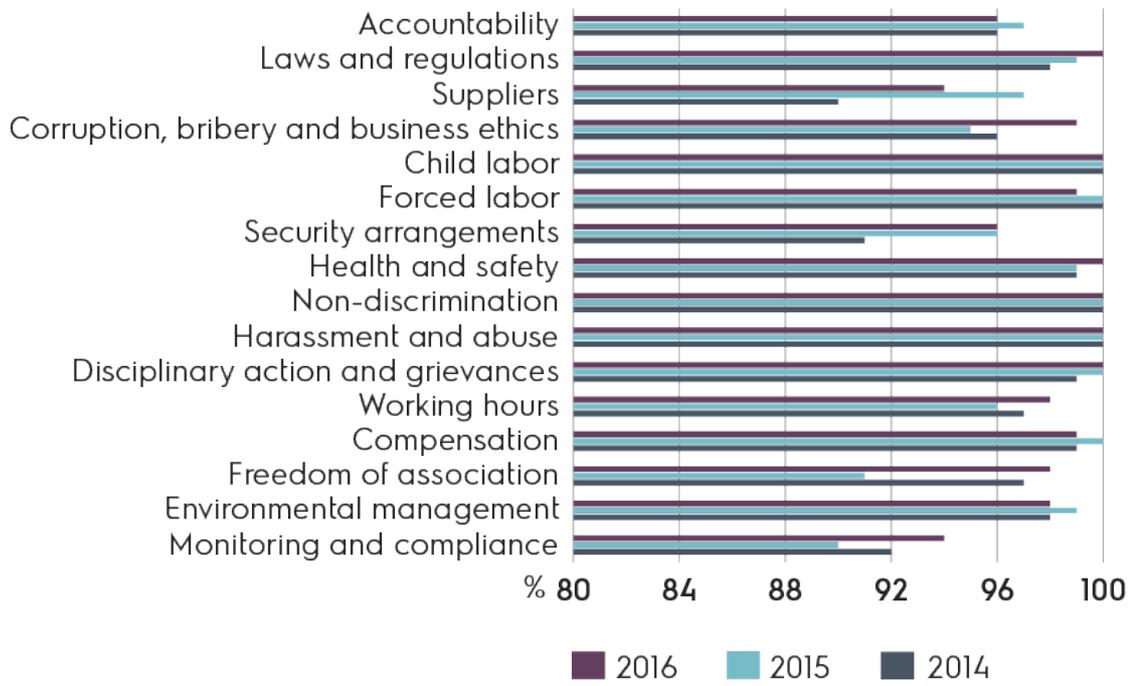
	2016	2015	2014	2013	2012
Number of work-related injuries	247	386	401	434	497
Injury rate <sup>1</sup>	0.6	0.9	0.9	1	1.1
Number of workdays lost due to occupational injuries	3,814	4,729	3,088	5,677	10,991
Lost day rate <sup>1</sup>	9	11	7	13	25
Number of work-related fatalities	0	1	0	0	0

<sup>1</sup> per 200 000h

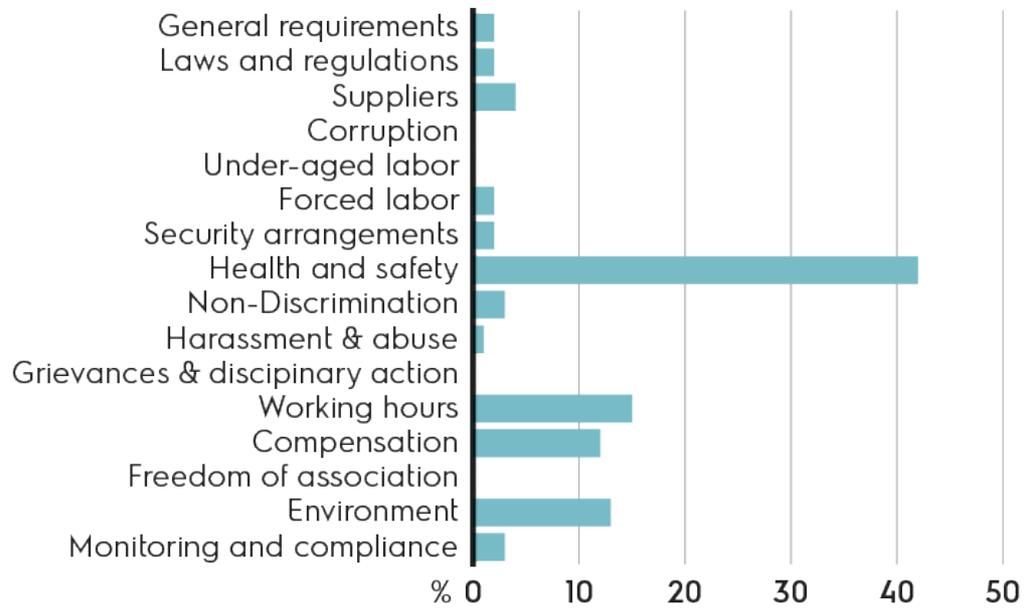
2016	Number of work-related injuries	Injury rate <sup>1</sup>	Number of workdays lost due to occupational injuries	Lost day rate <sup>1</sup>	Number of work-related fatalities
Asia Pacific	5	0,06	0	0	0
EMEA	75	0,54	1,991	13	0
Latin America	39	0,50	608	8	0
North America	128	0,90	1,215	9	0
<b>Group Total</b>	<b>247</b>	<b>0,6</b>	<b>3,814</b>	<b>8</b>	<b>0</b>

<sup>1</sup> per 200 000h

# ALFA assessments of the Code of Conduct



# Internal Code of Conduct Audit findings



# Electrolux Facilities

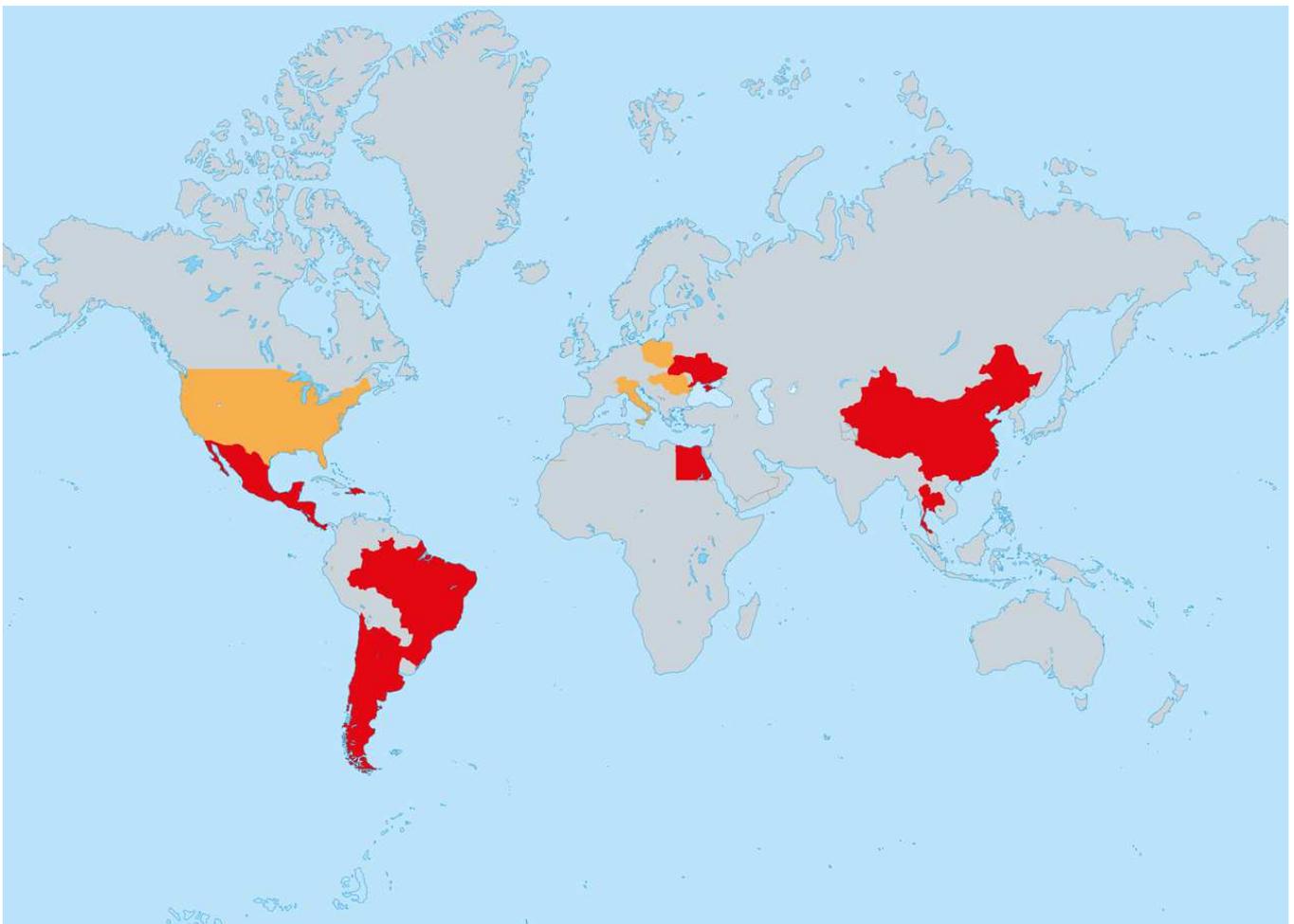
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## High risk

- Argentina
- Brazil
- Chile
- China
- Egypt
- Mexico
- Thailand
- Ukraine
- Hungary

## Medium risk

- Italy
- Poland
- Romania
- Switzerland
- United States



# Suppliers

## High risk

Algeria	Hong Kong (China)	Russia
Argentina	India	Saudi Arabia
Bahrain	Indonesia	Taiwan
Belarus	Macau (China)	Thailand
Brazil	Malaysia	Tunisia
Chile	Mexico	Turkey
China	Morocco	Ukraine
Dominican Republic	Nigeria	United Arab Emirates
Egypt	Philippines	Vietnam

## Medium risk

Albania	Latvia	South Korea
Bosnia-Herzegovina	Lithuania	Spain
Bulgaria	Montenegro	Switzerland
Croatia	Poland	United States
Czech Republic	Romania	
Estonia	Serbia	
Hungary	Singapore	
Italy	Slovakia	
Japan	Slovenia	

