

Corporate governance report 2016

Electrolux aims at implementing strict norms and efficient processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of an efficient organizational structure, systems for internal control and risk management and transparent internal and external reporting.

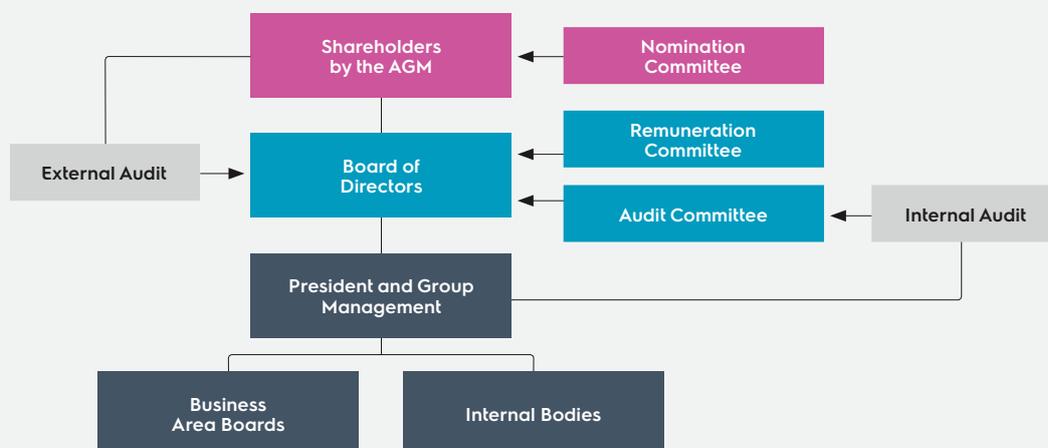
The Electrolux Group is comprised of 148 companies with operations in more than 150 countries. The parent company of the Group is AB Electrolux, a public Swedish limited liability company. The company's shares are listed on Nasdaq Stockholm.

The governance of Electrolux is based on the Swedish Companies Act, the rule book for issuers at Nasdaq Stockholm and the Swedish Code of Corporate Governance (the "Code"), as well as other relevant Swedish and foreign laws and regulations. The Code is published on the website of the Swedish Corporate Governance Board, which admini-

strates the Code: www.corporategovernanceboard.se. Below is Electrolux formal governance structure.

This corporate governance report has been drawn up as a part of Electrolux application of the Code. Electrolux does not report any deviations from the Code in 2016. There has been no infringement by Electrolux of applicable stock exchange rules and no breach of good practice on the securities market reported by the disciplinary committee of Nasdaq Stockholm or the Swedish Securities Council in 2016.

Governance structure



Major external regulations

- Swedish Companies Act.
- Rule book for issuers at Nasdaq Stockholm.
- Swedish Code of Corporate Governance.

Major internal regulations

- Articles of Association.
- Board of Directors' working procedures.
- Policies for information, finance, credit, accounting manual, etc.
- Processes for internal control and risk management.
- Electrolux Code of Ethics, Policy on Corruption and Bribery and Workplace Code of Conduct.

Electrolux is a global leader in household appliances and appliances for professional use, selling more than 60 million products to customers in more than 150 markets every year. The company makes thoughtfully designed, innovative solutions based on extensive consumer research, meeting the desires of today's consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, cookers, air-conditioners and small appliances such as vacuum cleaners, all sold under esteemed brands like Electrolux, AEG, Zanussi and Frigidaire. In 2016, Electrolux had sales of SEK 121 billion and about 55,000 employees.

AB Electrolux (publ) is registered under number 556009-4178 with the Swedish Companies Registration Office. The registered office of the Board of Directors is in Stockholm, Sweden. The address of the Group headquarters is S:t Göransgatan 143, SE-105 45 Stockholm, Sweden.

Highlights 2016

- Re-election of Ronnie Leten as Chairman of the Board and election of Ulla Litzén, David Porter and Jonas Samuelson as new Board members.
- Performance-based, long-term incentive program for senior management.
- Continued focus on global ethics program and Group framework for human rights.

Shares and shareholders

The Electrolux share is listed on Nasdaq Stockholm. At year-end 2016, Electrolux had 48,939 shareholders according to Holdings and Euroclear Sweden AB. Of the total share capital, 48% was owned by Swedish institutions and mutual funds, 46% by foreign investors and 6% by Swedish private investors, see below. Investor AB is the largest shareholder, holding 15.5% of the share capital and 29.96% of the voting rights. The ten largest shareholders accounted for 39.8% of the share capital and 50.7% of the voting rights in the company.

Voting rights

The share capital of Electrolux consists of Class A shares and Class B shares. One A share entitles the holder to one vote and one B-share to one-tenth of a vote. Both A shares and B shares entitle the holders to the same proportion of assets and earnings and carry equal rights in terms of dividends. Owners of A shares can request to convert their A shares into B shares. Conversion reduces the total number of votes in the company. As of December 31, 2016, the total number of registered shares in the company amounted to 308,920,308 shares, of which 8,192,539 were Class A shares and 300,727,769 were Class B shares. The total number of votes in the company was 38,265,316. Class B shares represented 78.6% of the voting rights and 97.3% of the share capital.

Dividend policy

Electrolux target is for the dividend to correspond to at least 30% of the income for the period. For a number of years, the dividend level has been considerably higher than 30%.

The Annual General Meeting (AGM) in April 2016 decided to adopt the Board's proposed dividend of SEK 6.50 per share for 2015. The Board of Directors proposes a dividend for 2016 of SEK 7.50 per share to be paid in two equal installments, for a total dividend payment of approximately SEK 2,155m.

Shareholders meeting

General Meetings of shareholders

The decision-making rights of shareholders in Electrolux are exercised at shareholders' meetings. The AGM of Electrolux is held in Stockholm, Sweden, during the first half of the year.

Extraordinary General Meetings may be held at the discretion of the Board or, if requested, by the auditors or by shareholders owning at least 10% of all shares in the company.

Participation in decision-making requires the shareholder's presence at the meeting, either personally or through a proxy. In addition, the shareholder must be registered in the share register by a stipulated date prior to the meeting and must provide notice of participation in the manner prescribed. Additional requirements for participation apply to shareholders with holdings in the form of American Depositary Receipts (ADR) or similar certificates. Holders of such certificates are advised to contact the ADR depository bank, the fund manager or the issuer of the certificates in good time before the meeting in order to obtain additional information.

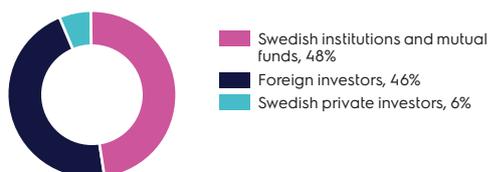
Individual shareholders requesting that a specific issue be included in the agenda of a shareholders' meeting can normally request the Electrolux Board to do so. The last date for making such a request for the respective meeting will be published on the Group's website.

Decisions at the meeting are usually taken on the basis of a simple majority. However, as regards certain issues, the Swedish Companies Act stipulates that proposals must be approved by shareholders representing a larger number of the votes cast and the shares represented at the meeting.

Annual General Meeting 2016

The 2016 AGM was held at the Stockholm Waterfront Congress Centre in Stockholm, Sweden, on April 6, 2016. 995 shareholders representing a total of 51.4% of the share capital and 60.9% of the votes were represented

OWNERSHIP STRUCTURE



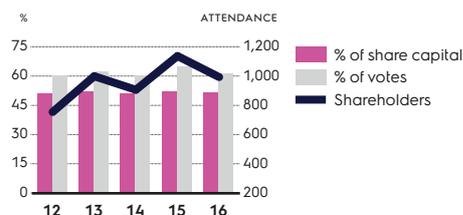
Source: Euroclear Sweden and Holdings as per December 31, 2016.

The foreign ownership has decreased to 46% at year-end 2016 from 52% at year-end 2015.

Foreign investors are not always recorded in the share register. Foreign banks and other custodians may be registered for one or several customers' shares, and the actual owners are then usually not displayed in the register. For additional information regarding the ownership structure, see above.

The information on ownership structure is updated quarterly on the Group's website; www.electroluxgroup.com/corporate-governance.

ATTENDANCE AT AGMS 2012-2016



995 shareholders representing a total of 51.4% of the share capital and 60.9% of the votes were present at the 2016 AGM.

at the AGM. The President's speech was broadcasted live via the Group's website and is also available on www.electroluxgroup.com/corporate-governance, together with the minutes. The meeting was held in Swedish, with simultaneous interpretation into English. All Board members, as well as the Group's auditor in charge, were present at the meeting.

Decisions at the Annual General Meeting 2016 included:

- Dividend payment of SEK 6.50 per share for fiscal year 2015.
- Election of Ulla Litzén, David Porter and Jonas Samuelson as new Board members and re-election of the Board members Hasse Johansson, Petra Hedengran, Ronnie Leten, Bert Nordberg, Fredrik Persson and Ulrika Saxon.
- Re-election of Ronnie Leten as Chairman of the Board.
- Remuneration to the Board members.
- Approval of remuneration guidelines for Electrolux Group Management.
- Performance-based, long-term incentive program for 2016 covering up to 250 managers and key employees.
- Authorization to acquire own shares and to transfer own shares on account of company acquisitions and to cover costs that may arise as a result of the share program for 2014.

Annual General Meeting 2017

The next AGM of Electrolux will be held on Thursday, March 23, 2017, at Stockholm Waterfront Congress Centre in Stockholm, Sweden.

For additional information on the next AGM and how to register attendance, see page 159.

Nomination Committee

Nomination Committee

The AGM resolves upon the nomination process for the Board of Directors and the auditors. The AGM 2011 adopted an instruction for the Nomination Committee which applies until further notice. The instruction involves a process for the appointment of a Nomination Committee comprised of six members. The members should be one representative of each of the four largest shareholders, in terms of voting rights that wish to participate in the Committee, together with the Chairman of the Electrolux Board and one additional Board member.

The composition of the Nomination Committee shall be based on shareholder statistics from Euroclear Sweden AB as of the last banking day in August in the year prior to the AGM and on other reliable shareholder information which is provided to the company at such time. The names of the representatives and the names of the shareholders they represent shall be announced as soon as they have been appointed. If the shareholder structure changes during the nomination process, the composition of the Nomination Committee may be adjusted accordingly.

The AGM resolves upon:

- The adoption of the Annual Report.
- Dividend.
- Election of Board members and, if applicable, auditors.
- Remuneration to Board members and auditors.
- Guidelines for remuneration to Group Management.
- Other important matters.

The Nomination Committee is assisted in preparing proposals for auditor by the company's Audit Committee and the Nomination Committee's proposal is to include the Audit Committee's recommendation on the election of auditor.

The Nomination Committee's proposals are publicly announced no later than on the date of notification of the AGM. Shareholders may submit proposals for nominees to the Nomination Committee.

Nomination Committee for the AGM 2016

The Nomination Committee for the AGM 2016 was comprised of six members. Johan Forssell of Investor AB led the Nomination Committee's work.

For the proposal for the AGM 2016, the Nomination Committee made an assessment of the composition and size of the current Board as well as the Electrolux Group's operations. Areas of particular interest were Electrolux strategies and goals and the demands on the Board that are expected from the Group's positioning for the future. The Nomination Committee also considered that a breadth and variety as regards age, nationality, gender, educational background, experience, competence and term of office is represented among the Board members.

The Nomination Committee proposed Ulla Litzén, David Porter and Jonas Samuelson as new Board members and re-election of Ronnie Leten as Chairman of the Board. After the election at the AGM 2016, three out of eight Board members elected at the shareholders' meeting are women (in this calculation, the President and CEO has not been included in the total number of Board members). A report regarding the work of the Nomination Committee was included in the the Nomination Committee's explanatory statement that was published before the AGM 2016. Further information regarding the Nomination Committee and its work can be found on the Group's website; www.electroluxgroup.com/corporate-governance.

Nomination Committee for the AGM 2017

The Nomination Committee for the AGM 2017 is based on the ownership structure as of August 31, 2016, and was announced in a press release on September 21, 2016.

The Nomination Committee's members are:

- Johan Forssell, Investor AB, Chairman
- Marianne Nilsson, Swedbank Robur funds
- Kaj Thorén, Alecta
- John Hernander, Nordea Investment Management
- Ronnie Leten, Chairman of Electrolux
- Fredrik Persson, Board member of Electrolux

Shareholders wishing to submit proposals to the Nomination Committee should send an e-mail to nominationcommittee@electrolux.com.

The Nomination Committee's tasks include preparing a proposal for the next AGM regarding:

- Chairman of the AGM.
- Board members.
- Chairman of the Board.
- Remuneration to Board members.
- Remuneration for committee work.
- Amendments of instructions for the Nomination Committee, if deemed necessary.
- Auditors and auditors' fees, when these matters are to be decided by the following AGM.

The Board of Directors

The Board of Directors has the overall responsibility for Electrolux organization and administration.

Composition of the Board

The Electrolux Board is comprised of nine members without deputies, who are elected by the AGM, and three members with deputies, who are appointed by the Swedish employee organizations in accordance with Swedish labor law.

The AGM elects the Chairman of the Board. Directly after the AGM, the Board holds a meeting for formal constitution at which the members of the Committees of the Board are elected, among other things. The Chairman of the Board of Electrolux is Ronnie Leten.

All current members of the Board, except for the President and CEO, are non-executive members. Two of the nine Board members are not Swedish citizens.

For additional information regarding the Board of Directors, see pages 152–153. The information is updated regularly at the Group's website; www.electroluxgroup.com.

Independence

The Board is considered to be in compliance with relevant requirements for independence. The assessment of each Board member's independence is presented in the table on page 152.

All Directors except for Petra Hedengran and Jonas Samuelson have been considered independent. Petra Hedengran has been considered independent in relation to the company and the administration of the company, but not in relation to major shareholders of Electrolux. Jonas Samuelson has been considered independent in relation to major shareholders of Electrolux but not, in his capacity as President and CEO, in relation to the company and the administration of the company.

Jonas Samuelson has no major shareholdings, nor is he a part-owner in companies having significant business relations with Electrolux. Jonas Samuelson is the only member of Group Management with a seat on the Board.

The Board's tasks

One of the main tasks of the Board is to manage the Group's operations in such a manner as to assure the owners that their interests in terms of a long-term profitable growth and value creation are being met in the best possible manner. The Board's work is governed by rules and regulations including the Swedish Companies Act, the Articles of Association, the Code and the working procedures established by the Board. The Articles of Association of Electrolux are available on the Group's website; www.electroluxgroup.com/corporate-governance.

Working procedures and Board meetings

The Board determines its working procedures each year and reviews these procedures as required. The working procedures describe the Chairman's specific role and tasks, as well as the responsibilities delegated to the committees appointed by the Board.

In accordance with the procedures and the Code, the Chairman shall among other things:

- Organize and distribute the Board's work.
- Ensure that the Board discharges its duties and has relevant knowledge of the company.
- Secure the efficient functioning of the Board.
- Ensure that the Board's decisions are implemented efficiently.
- Ensure that the Board evaluates its work annually.

The working procedures for the Board also include detailed instructions to the President and other corporate functions regarding issues requiring the Board's approval. Among other things, these instructions specify the maximum amounts that various decision-making functions within the Group are authorized to approve as regards credit limits, capital expenditure and other expenditure.

The working procedures stipulate that the meeting for the formal constitution of the Board shall be held directly after the AGM. Decisions at this statutory meeting include the election of members of the Committees of the Board and authorization to sign on behalf of the company. In addition to the statutory Board meeting, the Board normally holds seven other ordinary meetings during the year. Four of these meetings are held in conjunction with the publication of the Group's full-year report and interim reports. One or two meetings are held in connection with visits to Group operations. Additional meetings, including telephone conferences, are held when necessary.

The Board's work in 2016

During the year, the Board held nine meetings. All meetings except one were held in Stockholm, Sweden. The attendance of each Board member at these meetings is shown in the table on page 152.

All Board meetings during the year followed an agenda, which, together with the documentation for each item on the agenda, was sent to Board members in advance of the meetings. Meetings usually last for half a day or one entire day in order to allow time for presentations and discussions. Electrolux General Counsel serves as secretary at the Board meetings.

Each scheduled Board meeting includes a review of the Group's results and financial position, as well as the outlook

The Board deals with and decides on group-related issues such as:

- Main goals.
- Strategic orientation.
- Essential issues related to financing, investments, acquisitions and divestments.
- Follow-up and control of operations, communication and organization, including evaluation of the Group's operational management.
- Appointment of and, if necessary, dismissal of the President.
- Overall responsibility for establishing an effective system of internal control and risk management as well as a satisfactory process for monitoring the company's compliance with relevant laws and other regulations as well as internal policies.
- Important policies.

Remuneration to the Board of Directors 2014–2016 (applicable as from the respective AGM)

| SEK | 2016 | 2015 | 2014 |
|--|-----------|-----------|-----------|
| Chairman of the Board | 2,030,000 | 2,000,000 | 1,800,000 |
| Deputy Chairman of the Board | — | 640,000 | 625,000 |
| Board member | 560,000 | 550,000 | 540,000 |
| Chairman of the Audit Committee | 250,000 | 250,000 | 200,000 |
| Member of the Audit Committee | 95,000 | 95,000 | 90,000 |
| Chairman of the Remuneration Committee | 120,000 | 120,000 | 120,000 |
| Member of the Remuneration Committee | 60,000 | 60,000 | 60,000 |

for the forthcoming quarters, as presented by the President. The meetings also deal with investments and the establishment of new operations, as well as acquisitions and divestments. The Board decides on all investments exceeding SEK 100m and receives reports on all investments exceeding SEK 25m.

Normally, the head of a business area also reviews a current strategic issue at the meeting. For an overview of how the Board's work is spread over the year, see the table below.

Major issues addressed by the Board during 2016

- Dividend payment for the fiscal year 2015.
- Adapting Electrolux strategy for profitable growth to global industry drivers such as digitalization, consolidation, increased consumer power, sustainability and a growing middleclass.
- Accelerating efforts to capitalize on the Group's global strength and scope including modularization, automation and digitalization.
- Agreement to acquire Kwikot Group, a leading water heater company in South Africa, and acquisition of the Vintec business, a wine cabinet business based in Asia Pacific.
- Actions to improve efficiency including actions to restore profitability within the business area Small Appliances and actions to adapt the cost structure to lower market demand in Latin America.
- Divestment of the North American vacuum cleaner brand Eureka and most of the assets related to the brand.

Ensuring quality in financial reporting

The working procedures determined annually by the Board include detailed instructions on the type of financial reports and similar information which are to be submitted to the Board. In addition to the full-year report, interim reports and the annual report, the Board reviews and evaluates comprehensive financial information regarding the Group as a whole and the entities within the Group.

The Board also reviews, primarily through the Board's Audit Committee, the most important accounting principles applied by the Group in financial reporting, as well as major changes in these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control and financial reporting processes, as well as internal audit reports submitted by the Group's internal audit function, Management Assurance & Special Assignments.

The Group's external auditors report to the Board as necessary, but at least once a year. A minimum of one such meeting is held without the presence of the President or any other member of Group Management. The external auditors also attend the meetings of the Audit Committee.

The Audit Committee reports to the Board after each of its meetings. Minutes are taken at all meetings and are made available to all Board members and to the auditors.

Board work evaluation

The Board evaluates its work annually with regard to working procedures and the working climate, as well as regards the focus of the Board work. This evaluation also focuses on access to and requirements of special competence in the Board. The evaluation is a tool for the development of the Board work and also serves as input for the Nomination Committee's work. The evaluation of the Board is each year initiated and led by the Chairman of the Board. Evaluation tools include questionnaires and discussions.

In 2016, all Board members responded to written questionnaires. As part of the evaluation process, the Chairman also had individual discussions with Board members. The evaluations were discussed at a Board meeting.

The result of the evaluations was presented for the Nomination Committee by the Chairman of the Board.

Remuneration to Board members

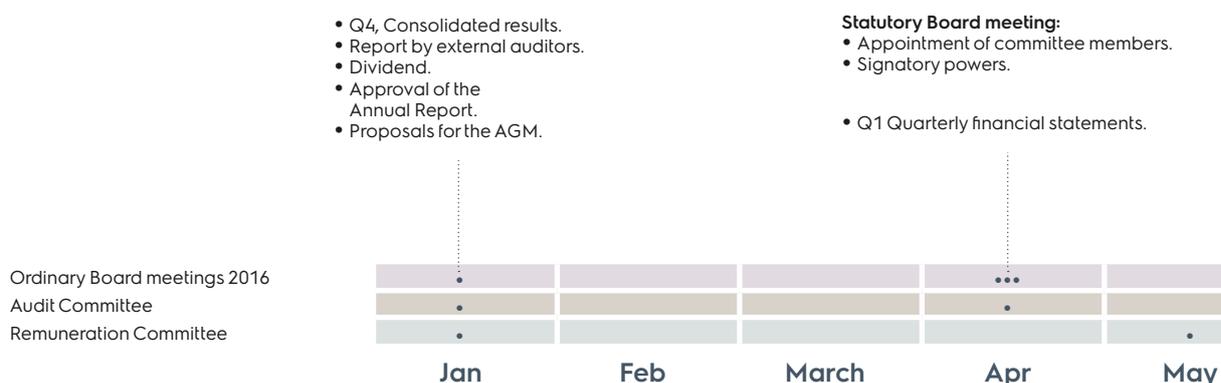
Remuneration to Board members is determined by the AGM and distributed to the Board members who are not employed by Electrolux. The remuneration to the Chairman and the Board members was revised during 2016, see page 145.

The Nomination Committee has recommended that Board members appointed by the AGM acquire Electrolux shares and that these are maintained as long as they are part of the Board. A shareholding of a Board member should after five years correspond to the value of one gross annual fee.

Board members who are not employed by Electrolux are not invited to participate in the Group's long-term incentive programs for senior managers and key employees.

For additional information on remuneration to Board members, see Note 27.

OVERVIEW OF VARIOUS ITEMS ON THE BOARD'S AGENDA AND COMMITTEE MEETINGS 2016



Each scheduled Board meeting included a review of the Group's results and financial position, as well as the outlook for the forthcoming quarters.

**Remuneration
Committee
Audit Committee**

Committees of the Board

The Board has established a Remuneration Committee and an Audit Committee. The major tasks of these committees are preparatory and advisory, but the Board may delegate decision-making powers on specific issues to the committees. The issues considered at committee meetings shall be recorded in minutes of the meetings and reported at the following Board meeting. The members and Chairmen of the Committees are appointed at the statutory Board meeting following election of Board members.

The Board has also determined that issues may be referred to ad hoc committees dealing with specific matters.

Remuneration Committee

One of the Remuneration Committee's primary tasks is to propose guidelines for the remuneration to the members of Group Management. The Committee also proposes changes in remuneration to the President, for resolution by the Board, and reviews and resolves on changes in remuneration to other members of Group Management on proposal by the President.

The Committee is comprised of three Board members: Petra Hedengran (Chairman), Ronnie Leten and Ulrika Saxon. At least two meetings are convened annually. Additional meetings are held as needed.

In 2016, the Remuneration Committee held four meetings. The attendance of each Board member at these meetings is shown in the table on page 152. Significant issues addressed include preparation of a proposal for the remuneration to the new President and CEO, resolution on remuneration to new members of Group Management, review and resolution on changes in the remuneration to members of

Group Management, follow-up and evaluation of previously approved long-term incentive programs and remuneration guidelines for Group Management and general review and preparation of long-term incentive program and remuneration guidelines for Group Management for 2017. The Head of Human Resources and Organizational Development participated in the meetings and was responsible for meeting preparations.

Audit Committee

The main task of the Audit Committee is to oversee the processes of Electrolux financial reporting and internal control in order to secure the quality of the Group's external reporting. The Audit Committee is also tasked with supporting the Nomination Committee with proposals when electing external auditors.

The Audit Committee has as from the AGM 2016 comprised of four Board members: Ulla Litzén (Chairman), Petra Hedengran, Fredrik Persson and Hasse Johansson. As from January 1, 2017, the Audit Committee is composed of three Board members: Ulla Litzén (Chairman), Petra Hedengran and Fredrik Persson. The external auditors report to the Committee at each ordinary meeting. At least three meetings are held annually. Additional meetings are held as needed.

In 2016, the Audit Committee held five meetings. The attendance of each Board member at these meetings is shown in the table on page 152. Electrolux managers have also had regular contacts with the Committee Chairman between meetings regarding specific issues. The Group's Chief Financial Officer and the Head of Internal Audit have participated in the Audit Committee meetings. The General Counsel or another in-house counsel serves as secretary at the Audit Committee meetings.

The Remuneration Committee's tasks include for example:

- To prepare and evaluate remuneration guidelines for Group Management.
- To prepare and evaluate targets and principles for variable compensation.
- To prepare terms for pensions, notices of termination and severance pay as well as other benefits for Group Management.
- To prepare and evaluate Electrolux long-term incentive programs.

The Audit Committee's tasks include for example:

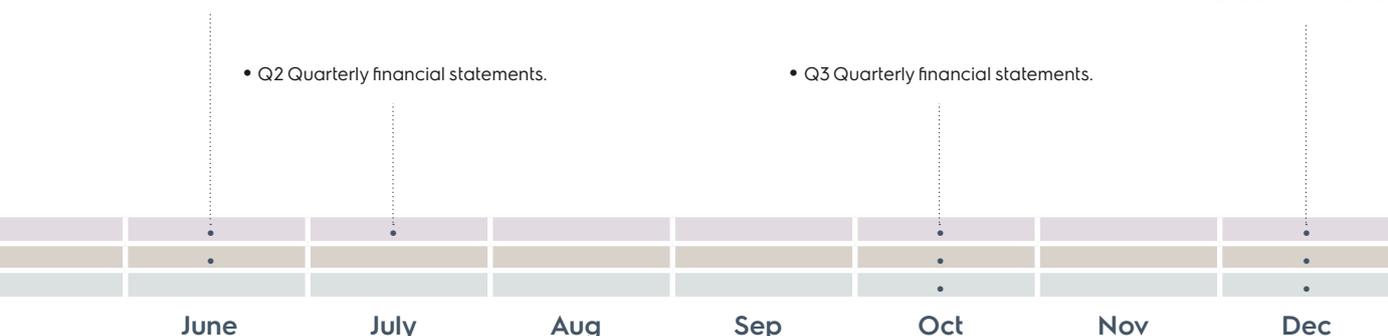
- To review the financial reporting.
- To monitor the effectiveness of the internal control, including risk management, concerning the financial reporting.
- To follow up the activities of the internal audit function Management Assurance & Special Assignments as regards to organization, recruiting, budgets, plans, results and audit reports.
- To review certain credit limits.
- To keep informed of the external audit and the quality control performed by the Supervisory Board of Public Accountants and to evaluate the work of the external auditors.
- To inform the Board of the outcome of the external audit and explain how the audit contributed to the reliability of the financial reporting as well as the role of the Committee in this process.
- To review, and when appropriate, preapprove the external auditors' engagements in other tasks than audit services.
- To evaluate the objectivity and independence of the external auditors.

- Visit to one of the Group's operations.
- Rules of procedure of the Board.

• Q2 Quarterly financial statements.

• Q3 Quarterly financial statements.

- Board work evaluation.



External Audit

External auditors

The AGM in 2014 re-elected PricewaterhouseCoopers AB (PwC) as the Group's external auditors for a four-year period, until the AGM in 2018. Authorized Public Accountant Peter Nyllinge is the auditor in charge of Electrolux.

PwC provides an audit opinion regarding AB Electrolux, the financial statements of its subsidiaries, the consolidated financial statements for the Electrolux Group and the administration of AB Electrolux. The auditors also conduct a review of the report for the third quarter.

The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

Audits of local statutory financial statements for legal entities outside of Sweden are performed as required by law or applicable regulations in the respective countries and as required by IFAC GAAS, including issuance of audit opinions for the various legal entities.

For additional information on the Group's auditors, see below. For details regarding fees paid to the auditors and their non-audit assignments in the Group, see below and Note 28.

Internal Audit

Internal control and risk management

The internal audit function, Management Assurance & Special Assignments, is responsible for independent, objective assurance, in order to systematically evaluate and propose improvements for more effective governance, internal control and risk management processes.

The process of internal control and risk management has been developed to provide reasonable assurance that the Group's goals are met in terms of efficient operations, compliance with relevant laws and regulations and reliable financial reporting.

Internal audit assignments are conducted according to a risk based plan developed annually and approved by the Audit Committee. The audit plan is derived from an independent risk assessment conducted by Internal Audit to identify and evaluate risks associated with the execution of the company strategy, operations, and processes. The plan is designed to address the most significant risks identified within the Group and its business areas. The audits are executed using a methodology for evaluating the design and effectiveness of internal controls to ensure that risks are adequately addressed and processes are operated efficiently.

Opportunities for improving the efficiency in the governance and internal control and risk management processes identified in the internal audits are reported to responsible business area management for action. A summary of audit results is provided to the Audit Board and the Audit Committee, as is the status of management's implementation of agreed actions to address findings identified in the audits.

For additional information on internal control, see page 156. For additional information on risk management, see Note 1, Note 2 and Note 18.

Auditors

PricewaterhouseCoopers AB

Peter Nyllinge

Born 1966. Authorized Public Accountant. Partner in Charge. Other audit assignments: Skandinaviska Enskilda Banken and Fagerhult. Holdings in AB Electrolux: 0 shares.

Anna Rosendal

Born 1975. Authorized Public Accountant. Holdings in AB Electrolux: 0 shares.

Holdings in AB Electrolux as of December 31, 2016 and includes holdings of related natural and legal persons, when applicable.

Fees to auditors

| SEKM | 2016 | 2015 | 2014 |
|---------------------------------|-----------|-----------|-----------|
| PwC | | | |
| Audit fees | 40 | 42 | 38 |
| Audit-related fees | 1 | 2 | 2 |
| Tax fees | 4 | 3 | 5 |
| All other fees | 4 | 21 | 26 |
| Total fees to PwC | 49 | 68 | 71 |
| Audit fees to other audit firms | — | — | — |
| Total fees to auditors | 49 | 68 | 71 |

For details regarding fees paid to the auditors and their non-audit assignments in the Group, see Note 28.

Company Management of Electrolux

Electrolux – a global leader with a customer focus

The Electrolux vision is to be the best appliance company in the world as measured by customers, employees, shareholders and our planet. Electrolux focuses on creating the industry’s best consumer experiences for the products and services offered. Through profitable growth, innovative products under strong brands, operational excellence, and dedicated employees Electrolux creates the conditions to reach its vision.

Electrolux focus is on strengthening the position in its core markets and increasing the share of sales in growth markets. The strategy is to achieve this through an increased speed of innovative products to the market and targeted growth in new segments, distribution channels and product categories. In addition to organic growth, Electrolux sees a potential to grow through acquisitions. Electrolux objective is to grow with consistent profitability, see the financial goals below.

Dedicated employees with diverse backgrounds and a position of leadership in sustainability are necessary for Electrolux to implement its strategy and achieve its goals. The objective is to develop smarter, more accessible, resource-efficient solutions.

A sustainable business

Sustainability leadership is crucial to realizing the Electrolux strategy for long-term profitable growth. The objective is to steadily improve at meeting people’s needs and enhancing their daily lives in a sustainable way. In 2016, Electrolux most resource-efficient products represented 20% of products sold and 28% of gross profit.

The company takes a consistent approach to sustainability in the countries where Electrolux operates. Understanding and engaging in challenges such as climate change, creating ethical and safe workplaces, and adopting a responsible approach to sourcing and restructuring are important for realizing the business strategy. Values such as respect, diversity, integrity, ethics, safety and sustainability are at the core of all employee actions when they interact with customers and colleagues around the globe. Key policies in this context include the Electrolux Code of Ethics, the Electrolux Workplace Code of Conduct and the Electrolux Policy on Corruption and Bribery.

In 2016, Electrolux maintained the position as industry leader in the Household Durables category in the Dow Jones Sustainability World Index. RobecoSAM publishes the Dow Jones Sustainability Indices (DJSI), which evaluate the performance of the world’s leading companies in sustainability – from each industry on a global and regional level, respectively. The evaluation is based on criteria such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labor practices.

Electrolux has a global Ethics Program, encompassing both ethics training and a whistleblowing system – the Electrolux Ethics Helpline. Through the Ethics Helpline, employees can report suspected misconduct in local languages. Reports may be submitted anonymously if legally permitted. The majority of the reported cases during 2016 related to discrimination and harassment.

In line with the UN Guiding Principles on Business and Human Rights, a Group level human rights risk assessment was conducted in 2016. The next steps include taking mitigating actions and conducting local risk assessments. Educational activities relating to Electrolux Workplace Code of Conduct, which was updated in 2014, have taken place throughout the organization in 2015 and 2016.

Read more about Electrolux sustainability work on www.electroluxgroup.com/sustainability.

Electrolux as a tax payer

One important aspect for Electrolux of being the best appliance company in the world is to act as a good corporate citizen and taxpayer wherever Electrolux operates.

Electrolux plays an important role in contributing to public finances in all jurisdictions where the Group operates. The Group has 55,000 employees in about 60 countries and about 50 manufacturing facilities across five continents.

Of Electrolux total tax contribution, as defined in the below chart, corporate tax represented approximately 16% in 2016. Corporate income taxes are only a portion of the Group’s total contribution to public finances in Electrolux markets. In addition to corporate income taxes, Electrolux pays indirect taxes, customs duties, property taxes, employee related taxes, environmental charges and a number of other direct or indirect contributions to governments. The total contribution to public finances for 2016 amounted to approximately SEK 7bn whereof more than half related to emerging markets.

Electrolux most transparent contribution to public finances around the world is corporate income taxes, see note 10. Corporate income taxes amounted to SEK 1,088m in 2016, representing a global effective tax rate of the Group of 19.5%. Approximately 40% of the total corporate income taxes in 2016 related to the Group’s activities in emerging markets.

For more information on Electrolux tax policy, see www.electroluxgroup.com.

ELECTROLUX TOTAL TAXES 2016



Financial targets

The financial goals set by Electrolux aim to strengthen the Group’s leading, global position in the industry and assist in generating a healthy total yield for Electrolux shareholders. The objective is growth with consistent profitability.

- Growth of at least 4% annually.
- Operating margin of at least 6%.
- Capital turnover-rate of at least 4.
- Return on net assets of at least 20%.

Electrolux vision

The Electrolux vision is to be the best appliance company in the world as measured by customers, employees, shareholders and our planet.

Strategy

Profitable growth

Experience Innovation

Operational Excellence

Talent and Teamship

Values

Core values

Passion for Innovation

Customer Obsession

Drive for Results

Foundation

Respect and Diversity

Ethics and Integrity

Safety and Environment

Risk assessment

Electrolux monitors and minimizes key risks in a structured and proactive manner. In general, there are two types of risks: Strategic risks and manageable business risks. The strategic risks are related to the Group's strategy and are impacted by the external environment. The business risks comprise of operational and financial risks which are managed by the Group's operational units and Group Treasury, respectively.

Electrolux ability to increase profitability and shareholder value is largely dependent on its success in developing innovative products and create best-in-class consumer experience under strong brands while maintaining cost-efficient operations. Realizing this potential requires effective and controlled risk management.

Macroeconomic trends, changes in industry dynamics and political risks are factors that impact the appliance industry and the markets in which Electrolux operates. To manage external risks and opportunities, Electrolux puts close attention to understanding the economic and political development in its key markets and pro-actively manage and adapt operations. External risks include, variations in demand, price competition and changes in prices for raw materials. Changing industry dynamics such as digitalization, consolidation and sustainability are other examples. In addition, the Group is exposed to risks related to financial operations, e.g., interest risks, financing risks, currency risks and credit risks.

The Group has established internal bodies to manage these risk exposures, see chart below.

The purpose of the internal audit function, Management Assurance & Special Assignments, is to provide reasonable assurance that the Group's goals are met in terms of efficient operations, compliance with relevant laws and regulations and reliable financial reporting, see page 148.

Management and company structure

Electrolux aims at implementing strict norms and efficient processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of an efficient organizational structure, systems for internal control and risk management and transparent internal and external reporting.

The Group has a decentralized corporate structure in which the overall management of operational activities is largely performed by the business area boards.

Electrolux operations are organized into six business areas. Within Major Appliances, the business areas are geographically defined, while the business areas Small

Appliances (as of January 2017, the name of this business area is changed to Home Care & Small Domestic Appliances) and Professional Products are global. There are six group staff units that support all business areas: Finance, Legal Affairs, Human Resources and Organizational Development, Marketing and Branding, Global Operations and Communications.

There are a number of internal bodies which are forums that are preparatory and decision-making in their respective areas. Each body includes representatives from concerned functions and in most cases the President and CEO, see chart below.

In order to fully take advantage of the Group's global presence and economies of scale, the Group has established Global Operations with the responsibility for product development, purchasing, manufacturing, design and quality.

President and Group Management

President and Group Management

Group Management includes the President, the six business area heads and five group staff heads. The

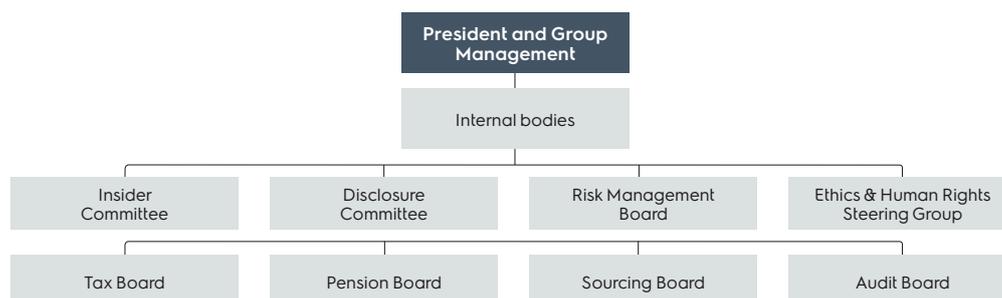
President is appointed by and receives instructions from the Board. The President, in turn, appoints other members of Group Management and is responsible for the ongoing management of the Group in accordance with the Board's guidelines and instructions. Group Management holds monthly meetings to review the previous month's results, to update forecasts and plans and to discuss strategic issues.

A diversified management team

The Electrolux management team, with its extensive expertise, diverse cultural backgrounds and experiences from various markets in the world, forms an excellent platform for pursuing profitable growth in accordance with the Group's strategy. Electrolux Group Management represents seven different nationalities. Most of them have previous experience of predominantly multinational consumer goods companies in various sectors.

A dynamic management team with in-depth knowledge of the conditions in the various markets is crucial to drive profitable growth. In recent years, a number of major initiatives have been launched aimed at better leveraging the unique, global position of Electrolux. In several areas, global and cross-border organizations have been established to, for example, increase the pace of innovation in product development, reduce complexity in manufacturing and optimize purchasing. A formal structure for collaboration throughout the production-creation process between R&D, design and marketing functions has for example been established.

INTERNAL BODIES



Changes in Group management during 2016 and 2017

Jonas Samuelson was appointed President and Chief Executive Officer as from February 1, 2016. He succeeded Keith McLoughlin who retired from the company.

Daniel Arler succeeded Jonas Samuelson in his role as Head of Major Appliances Europe, Middle East and Africa as from February 1, 2016. Alan Shaw was appointed Head of Major North America as from February 1, 2016.

Anna Ohlsson-Leijon was appointed Chief Financial Officer as from April 1, 2016. She succeeded Tomas Eliasson who left the Group. Ola Nilsson was appointed Head of Small Appliances as from April 1, 2016. He succeeded Henrik Bergström.

Ruy Hirschheimer left the company on October 1, 2016. Ricardo Cons was appointed Interim Head of Major Appliances Latin Americas as from October 1, 2016 and as from February 1, 2017 he was appointed Head of Major Appliances Latin Americas.

Mikael Östman was appointed General Counsel as from January 1, 2017. He succeeded Cecilia Vieweg who retired from the company.

For details regarding members of Group Management, see pages 154–155. The information is updated regularly at the Group's website; www.electroluxgroup.com.

Major issues addressed by the President and Group Management in 2016

- Electrolux business model for profitable growth.
- Appointment of new Group management members.
- Focus on experience based innovation areas to provide Best-in-class consumer experience.
- Program to improve quality and the ownership experience for consumers.
- Improving efficiency within production through modularization, automation and digitalization.
- Digitalization for continuous interaction with customers such as connected appliances and digital commerce.
- Agreement to acquire Kwikot Group, a leading water heater company in South Africa, and acquisition of the Vintec business, a wine cabinet business based in Asia Pacific.
- Measures to restore profitability for Small Appliances, including active product portfolio management and exiting unprofitable product categories.
- Divestment of the North American vacuum cleaner brand Eureka and most of the assets related to the brand.
- Improving efficiency within production in North America.
- Actions to structurally reduce costs in Latin America to adapt to the weak market situation.

Business Area Boards

Business areas

The business area heads are comprised of members of Group Management and have responsibility for the operating income and net assets of their respective business area.

The overall management of the business areas is the responsibility of business area boards, which meet quarterly. The President is the chairman of all such boards. The business area board meetings are attended by the President, the management of the respective business area and the Chief Financial Officer. The business area boards are responsible for monitoring on-going operations, establishing strategies, determining business area budgets and making decisions on major investments.

Remuneration

Remuneration to Group Management

Remuneration guidelines for Group Management are resolved upon by the AGM, based on the proposal from the Board. Remuneration to the President is then resolved upon by the Board, based on proposals from the Remuneration Committee. Changes in the remuneration to other members of Group Management is resolved upon by the Remuneration Committee, based on proposals from the President, and reported to the Board.

Electrolux shall strive to offer total remuneration that is fair and competitive in relation to the country of employment or region of each Group Management member. The remuneration terms shall emphasize "pay for performance", and vary with the performance of the individual and the Group.

Remuneration may comprise of:

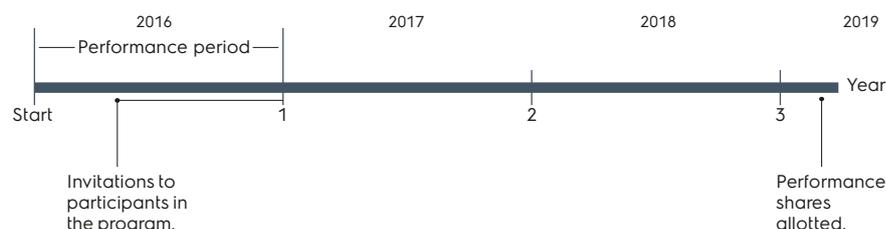
- Fixed compensation.
- Variable compensation.
- Other benefits such as pension and insurance.

Following the "pay for performance" principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no pay-out shall be made. The targets shall principally relate to financial performance.

Each year, the Board of Directors will evaluate whether or not a long-term incentive program shall be proposed to the AGM. The AGM 2016 decided on a long-term share program for up to 250 senior managers and key employees.

For additional information on remuneration, remuneration guidelines, long-term incentive programs and pension benefits, see Note 27.

TIME-LINE FOR THE LONG-TERM INCENTIVE PROGRAM FOR SENIOR MANAGEMENT 2016



The calculation of the number of performance shares, if any, is connected to three performance targets for the Group established by the Board: (i) earnings per share (ii) return on net assets, and (iii) organic sales growth, for the 2016 financial year. Allotment of performance shares, if any, to the participants will be made in 2019.

Board of Directors and Auditors



RONNIE LETEN
Chairman
 Born 1956. Belgium. M.Sc. Applied Econ.
 Elected 2012. Member of the Electrolux Remuneration Committee.
 President and CEO of Atlas Copco AB since 2009.
 Board member of Atlas Copco AB.
 Previous positions: Various leading positions within the Atlas Copco Group, 1997–2009 and 1985–1995. Plant Manager of Tenneco Automotive Inc, Belgium, 1995–1997. Various positions within General Biscuits, 1979–1985.
 Holdings in AB Electrolux: 10,000 B-shares.



JONAS SAMUELSON
 Born 1968. Sweden. M.Sc. Econ.
 Elected 2016.
 President and CEO of AB Electrolux since 2016.
 Board Member of Polygon AB.
 Previous positions: Senior positions within Electrolux: Head of the business area Major Appliances Europe, Middle East and Africa and Executive Vice President of AB Electrolux, 2011–2016, Chief Operations Officer Major Appliances, 2011. Chief Financial Officer 2008–2011. Chief Financial Officer and Executive Vice President of Munters AB 2005–2008. Various positions within General Motors, mainly in the U.S., 1996–1999 and 2001–2005, and Saab Automobile AB 1993–1995 and 1999–2001.
 Holdings in AB Electrolux: 17,216 B shares.

ULLA LITZÉN
 Born 1956. Sweden. B.Sc. Econ. and M.B.A.
 Elected 2016. Chairman of the Electrolux Audit committee.
 Board Member of Alfa Laval AB, Boliden AB, Husqvarna AB, NCC AB and Ratos AB.
 Previous positions: President of W Capital Management AB, wholly-owned by the Wallenberg Foundations, 2001–2005. Managing Director and member of Group Management of Investor AB 1996–2001. Responsible for Core Holdings 1999–2000. President of Investor Scandinavia AB, 1996–1998.
 Holdings in AB Electrolux: 4,000 B shares.



PETRA HEDENGRAN
 Born 1964. Sweden. M. of Laws.
 Elected 2014. Chairman of the Electrolux Remuneration Committee and member of the Electrolux Audit committee.
 General Counsel and member of Group Management of Investor AB since 2007.
 Board Member of The Association for Generally Accepted Principles in the Securities Market (Sw. Föreningen för god sed på värdepappersmarknaden).
 Previous positions: Attorney and partner at Advokatfirman Lindahl, 2002–2007. General Counsel of ABB Financial Services, Nordic Region, 1998–2002. Corporate Counsel at ABB Financial Services, 1991–1998. Law Clerk with the Stockholm District Court, 1990–1991. Associate at Gunnar Lindhs Advokatbyrå, 1988–1990.
 Holdings in AB Electrolux: 2,500 B-shares.



BERT NORDBERG
 Born 1956. Sweden. Engineer.
 Elected 2013.
 Chairman of the Board of Vestas Wind Systems A/S. Board Member of Svenska Cellulosa AB SCA, Axis AB and Saab AB.
 Previous positions: Chairman, President and CEO of Sony Mobile Communications AB, 2009–2012. Various leading positions within the Ericsson Group, 1996–2009. Various positions within Data General Corporation and Digital Equipment Corporation 1985–1996.
 Holdings in AB Electrolux: 3,000 B-shares.



HASSE JOHANSSON
 Born 1949. Sweden. M. Sc. in Electrical Engineering.
 Elected 2008.
 Chairman of the Board of Dynamate Industrial Services AB, Lindholmen Science Park AB and Vicura AB. Board Member of Fouriertransform AB, Skyllbergs Bruk AB, Calix Group AB, Klippan Group AB, RISE Research Institutes of Sweden AB and SP Sveriges Tekniska Forskningsinstitut AB (SP Technical Research Institute of Sweden).
 Previous positions: Executive Vice President and Head of R&D of Scania CV AB, 2001–2009. Founder of Mecel AB (part of Delphi Corporation). Senior management positions within Delphi Corporation, 1990–2001.
 Holdings in AB Electrolux: 4,000 B-shares.

THE BOARD'S REMUNERATION DURING 2016, MEETING ATTENDANCE AND INDEPENDENCE

| | Total remuneration 2016, '000 SEK | Board meeting attendance ¹⁾ | Remuneration Committee attendance ¹⁾ | Audit Committee attendance ¹⁾ | Independence ²⁾ |
|-----------------|-----------------------------------|--|---|--|----------------------------|
| Ronnie Leten | 2,062 | 9/9 | 4/4 | | Yes |
| Petra Hedengran | 670 | 9/9 | 4/4 | 4/5 | No |
| Hasse Johansson | 621 | 9/9 | | 4/5 | Yes |
| Ulla Litzén | 587 | 5/9 | | 4/5 | Yes |
| Bert Nordberg | 558 | 8/9 | | | Yes |
| Fredrik Persson | 653 | 9/9 | | 5/5 | Yes |
| David Porter | 420 | 6/9 | | | Yes |
| Jonas Samuelson | — | 6/9 | | | No |
| Ulrika Saxon | 578 | 9/9 | 3/4 | | Yes |

¹⁾ Ulla Litzén, David Porter and Jonas Samuelson were appointed new Board members at the AGM in April 2016. Directly after the AGM, Ulla Litzén was appointed Chairman of the Audit Committee, Petra Hedengran member of the Audit Committee and Ulrika Saxon member of the Remuneration Committee.

²⁾ For further information about the independence assessment, see page 145.

Holdings in AB Electrolux are stated as of December 31, 2016 and includes holdings of related natural and legal persons, when applicable.

**FREDRIK PERSSON**

Born 1968. Sweden. M.Sc. Econ.
Elected 2012. Member of the Electrolux Audit Committee.

Board Chairman of the Swedish Trade Federation.

Deputy Chairman of ICC Sweden and the Confederation of Swedish Enterprise.

Board Member of Hufvudstaden AB, Ahlström Capital Oy and Nasdaq Stockholm AB's Listing Committee.

Previous positions: President and CEO of Axel Johnson AB, 2007–2015. Executive Vice-President and Chief Financial Officer of Axel Johnson AB, 2000–2007. Head of Research of Aros Securities AB, 1998–2000. Various positions within ABB Financial Services AB, 1992–1998.

Holdings in AB Electrolux: 3,000 B-shares.

**SECRETARY OF THE BOARD****MIKAEL ÖSTMAN**

Born 1967. M. of Laws and B.Sc. Econ. General Counsel of AB Electrolux.

Secretary of the Electrolux Board since 2017.

Holdings in AB Electrolux: 5,814 B shares.

COMMITTEES OF THE BOARD OF DIRECTORS**Remuneration Committee**

Petra Hedengran (Chairman), Ronnie Leten and Ulrika Saxon.

Audit Committee

Ulla Litzén (Chairman), Petra Hedengran and Fredrik Persson.

AUDITORS**PricewaterhouseCoopers AB****PETER NYLLINGE**

Born 1966. Authorized Public Accountant. Partner in Charge.

Other audit assignments: Skandinaviska Enskilda Banken and Fagerhult.

Holdings in AB Electrolux: 0 shares.

ANNA ROSENDAL

Born 1975. Authorized Public Accountant. Holdings in AB Electrolux: 0 shares.

At the Annual General Meeting in 2014, PricewaterhouseCoopers AB (PwC) was re-elected as auditors for a four-year period until the Annual General Meeting in 2018.

**ULRIKA SAXON**

Born 1966. Sweden. Studies in Economics at the Stockholm School of Economics.

Elected 2011. Member of the Electrolux Remuneration Committee.

President and CEO of Bonnier Growth Media since 2012 and member of Bonnier AB group management since 2009.

Board Member of Svensk Filmindustrif, Nordic Cinema Group, United Screens, KIT Media, FLX and Refunder.

Previous positions: Senior positions with various companies within the Bonnier Group since 1998; CEO of Bonnier Tidskrifter, 2005–2012, Executive Director of Bonnier Magazines, 2009–2012, Executive Director of Bonnier Entertainment, 2011, and CEO of Bonzoo Media, 2002–2005. Senior positions within marketing and media strategy consultancy 1991–1998.

Holdings in AB Electrolux: 1,000 B-shares.

DAVID PORTER

Born 1965. USA. Bachelor's degree, Finance.

Elected 2016.

Head of Microsoft Stores, Corporate Vice President, Microsoft Corp. since 2009.

Previous positions: Head of Worldwide Product Distribution at DreamWorks Animation SKG 2007–2009. Various positions within WalMart Stores, Inc. 1984–2007.

Holdings in AB Electrolux: 0 shares.

EMPLOYEE REPRESENTATIVES**OLA BERTILSSON**

Born 1955. Representative of the Swedish Confederation of Trade Unions. Elected 2006.

Board meeting attendance: 9/9

Holdings in AB Electrolux: 0 shares.

**GUNILLA BRANDT**

Born 1953. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2006.

Board meeting attendance: 8/9

Holdings in AB Electrolux: 0 shares.

**ULF CARLSSON**

Born 1958. Representative of the Swedish Confederation of Trade Unions. Elected 2001.

Board meeting attendance: 9/9

Holdings in AB Electrolux: 0 shares.

EMPLOYEE REPRESENTATIVES, DEPUTY MEMBERS**BO ROTHZÉN**

Born 1963. Representative of the Swedish Confederation of Trade Unions. Elected 2012.

Holdings in AB Electrolux: 0 shares.

**RICHARD DELLNER**

Born 1953. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2013.

Holdings in AB Electrolux: 500 B shares.

**PETER FERM**

Born 1965. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2014.

Holdings in AB Electrolux: 0 shares.

Group Management



5 JONAS SAMUELSON
President and Chief Executive Officer

Born 1968. Sweden. M. Sc. in Business Administration and Economics. In Group Management since 2008.

Business development and finance positions within General Motors in USA, 1996–1999. Treasurer and Director of Commercial Finance and Business Support in Saab Automobile AB, 1999–2001. Senior management positions within controlling and finance in General Motors North America, 2001–2005. Chief Financial Officer of Munters AB, 2005–2008. Chief Financial Officer of AB Electrolux, 2008–2011 as well as Chief Operations Officer and Head of Global Operations Major Appliances during 2011. Head of Major Appliances Europe, Middle East and Africa and Executive Vice President of AB Electrolux, 2011. President and CEO of AB Electrolux, 2016.

Board Member of Polygon AB.
Holdings in AB Electrolux: 17,216 B-shares.

12 DANIEL (DAN) ARLER
Head of Major Appliances Europe, Middle East and Africa (EMEA) and Executive Vice President of AB Electrolux

Born 1969. The Netherlands. B.Sc. in Marketing. In Group Management since 2016.
Management positions at Whirlpool Corporation in Europe, 1993–1999. Management positions at Stanley Works Europe, 1999–2002. European Brand & Marketing Director at Electrolux, 2002–2004. Head of Asia Pacific Laundry Product Line 2004–2006. General Manager Electrolux Japan 2006–2008. Management positions in Electrolux Major Appliances EMEA, including SVP Product Line Kitchen, 2009–2016. Head of Major Appliances EMEA and Executive Vice President of AB Electrolux, 2016.

Holdings in AB Electrolux: 8,803 B-shares.

9 JAN BROCKMANN
Chief Operations Officer

Born 1966. Germany. M. Sc. in Mechanical Engineering, M.B.A. In Group Management since 2011.

Management positions within Valeo Group, 1994–1999. Project Manager in Roland Berger Strategy Consultants GmbH, 2000–2001. Senior management positions within Volkswagen Group, 2001–2010. Head of R&D, Electrolux Major Appliances, 2010. Group Chief Technology Officer, 2011. Since 2015 Chief Operations Officer, heading R&D, purchasing, manufacturing, design, quality and other areas.

Holdings in AB Electrolux: 2,390 B-shares.

1 RICARDO CONS

Head of Major Appliances Latin America and Executive Vice President of AB Electrolux

Born 1967. Brazil. Bachelor in Financial Administration and Marketing, MBA in Team Management. Member of Group Management since 2016.

Various positions in Volvo Brazil, 1986 – 1997. Management positions at Electrolux Brazil, including CEO Small Appliances, Sales and Marketing Director Major Appliances, 1997–2011. Management positions at Franke in Brazil, 2011– 2016. Interim Head of Electrolux Major Appliances Latin America since 2016 and Head of Electrolux Major Appliances Latin America and Executive Vice President of AB Electrolux since 2017.

Holdings in AB Electrolux: 0 shares.

3 MARYKAY KOPF
Chief Marketing Officer, Senior Vice President

Born 1965. USA. B.S. Finance, M.B.A. In Group Management since 2011.

Senior management positions within DuPont in North America, Europe, Middle East and Africa, and globally, 1991–2003. Vice President Marketing, Electrolux Major Appliances North America, 2003. Group Chief Marketing Officer, 2011.

Board member of World Kitchen, LLC.

Holdings in AB Electrolux: 23,544 B-shares.

6 ANNA OHLSSON-LEIJON
Chief Financial Officer

Born 1968. Sweden. B. Sc. in Business Administration and Economics. In Group Management since 2016.

Various positions within PricewaterhouseCoopers, 1993–2000. Chief Financial Officer of Kimoda, 2000. Director of Project Management at Electrolux, 2001. Director, Electrolux Internal Audit, 2003. Head of Electrolux Internal Audit, 2005. Electrolux Group Treasurer, 2008. Head of Electrolux Corporate Control & Services, 2011. CFO of Electrolux Major Appliances EMEA, 2013. Chief Financial Officer of AB Electrolux, 2016.

Board member of Munksjö Oyj.

Holdings in AB Electrolux: 1,232 B-shares.

Holdings in AB Electrolux are stated as of December 31, 2016 and includes holdings of related natural and legal persons, when applicable.



7 KENNETH L. NG

Head of Major Appliances Asia/Pacific, Executive Vice President

Born 1962. USA. MBA Marketing and B.S. in Marketing & Computer Applications and Information Systems. In Group Management since 2015.

Senior management positions in Philips Electronics in Asia Pacific, China and Australia/New Zealand, 1999-2004. China CEO of Decorative Paints, within Imperial Chemicals Industries/Akzo Nobel, 2004-2008. President of American Standard Asia Pacific (Lixil Corp subsidiary) 2008-2012, CEO and President of Lixil Corp in Greater China, 2013-2015. Head of Electrolux Major Appliances Asia/Pacific and Executive Vice President of AB Electrolux, 2015.

Holdings in AB Electrolux: 0 shares.

8 OLA NILSSON

Head of Small Appliances, Executive Vice President

Born 1969. Sweden. M. Sc. in International Business Administration. In Group Management since 2016.

Positions in various Electrolux Group functions 1994-1998. CFO and later Managing Director, Small Appliances Australia, 1999-2002. Marketing and general management positions within Small Appliances in Stockholm, 2003-2008. President Small Appliances Asia Pacific, 2008-2012. Senior Vice President, Product Line Laundry Major Appliances EMEA, 2012-2016. Head of Small Appliances and Executive Vice President of AB Electrolux, 2016.

Holdings in AB Electrolux: 0 shares

9 ALAN SHAW

Head of Major Appliances North America and Executive Vice President of AB Electrolux

Born 1963. USA. B.S. in Economics and Political science, M.B.A. in Marketing. In Group Management since 2016.

Product management positions at Whirlpool Corporation, 1987-1991. Marketing Director at a Whirlpool JV, Consul, in Brazil, 1991-1994. Various senior management positions in Asia-Pacific and North America at Whirlpool, 1994-2003. President and Chief Executive Officer at Murray Group, 2003-2005. President and Chief Executive Officer at Char-Broil LLC, 2005-2013. Executive Vice President at Husqvarna AB, 2013-2015. Head of Major Appliances North America and Executive Vice President of AB Electrolux, 2016.

Holdings in AB Electrolux: 0 shares.

10 LARS WORSØE PETERSEN

Head of Human Resources and Organizational Development, Senior Vice President

Born 1958. Denmark. M.Econ. In Group Management since 2011.

Head of Human Resources Electrolux in Denmark, 1994. Vice President Human Resources within Electrolux Major Appliances Europe, 1999-2000. Head of Electrolux Holding A/S in Denmark, 2000-2002. Head of Human Resources for Electrolux Major Appliances North America, 2002-2005. Head of Group Staff Human Resources at Husqvarna AB, 2005-2011. Rejoined Electrolux as Head of Group Staff Human Resources and Organizational Development, 2011.

Holdings in AB Electrolux: 12,920 B-shares.

11 ALBERTO ZANATA

Head of Professional Products, Executive Vice President

Born 1960. Italy. University degree in Electrical Engineering with Business Administration. In Group Management since 2009.

Senior management positions in Electrolux Professional Products

within factory management, marketing, product management and business development, 1989-2002. Head of Professional Products in North America, 2003-2008. Head of Professional Products and Executive Vice President of AB Electrolux, 2009.

Holdings in AB Electrolux: 20,514 B-shares.

12 MIKAEL ÖSTMAN

General Counsel, Senior Vice President

Born 1967. Sweden. M. of Laws and B.Sc. Econ. In Group Management since 2017.

Law Clerk with the Stockholm District Court 1996-1997. Lawyer at Advokatfirman Vinge 1997-2000. Corporate Counsel at Telia Mobile AB 2000-2002. Corporate Counsel AB Electrolux 2002-2006. Head of Electrolux Legal Affairs Europe 2006-2010. Head of Electrolux Corporate Legal Department 2010-2016. General Counsel and Senior Vice President of AB Electrolux, 2017, with the responsibility for legal, intellectual property, risk management and security matters.

Holdings in AB Electrolux: 5,814 B-shares.

Internal control over financial reporting

The Electrolux Control System (ECS) has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies. The ECS adds value through clarified roles and responsibilities, improved process efficiency, increased risk awareness and improved decision support.

The ECS is based on the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The five components of this framework are control environment, risk assessment, control activities, monitor and improve and inform and communicate.

Control environment

The foundation for the ECS is the control environment, which determines the individual and collective behavior within the Group. It is defined by policies and procedures, manuals, and codes, and enforced by the organizational structure of Electrolux with clear responsibility and authority based on collective values.

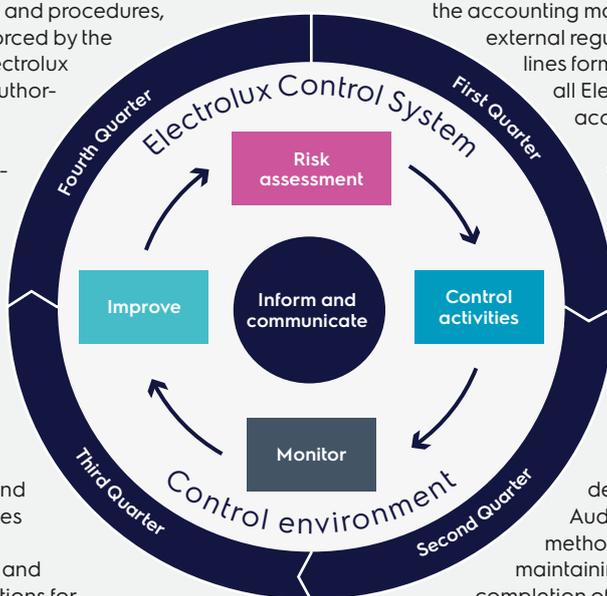
The Electrolux Board has overall responsibility for establishing an effective system of internal control. Responsibility for maintaining effective internal controls is delegated to the President. The governance structure of the Group is described on page 142. Specifically for financial reporting, the Board has established an Audit Committee, which assists in overseeing relevant policies and important accounting principles applied by the Group.

The limits of responsibilities and authorities are given in instructions for delegation of authority, manuals, policies and procedures, and codes, including the Electrolux Code of Ethics, the Electrolux Workplace Code of Conduct, and

the Electrolux Policy on Corruption and Bribery, as well as in policies for information, finance and credit, and in the accounting manual. Together with laws and external regulations, these internal guidelines form the control environment and all Electrolux employees are held accountable for compliance.

All entities within the Electrolux Group must maintain adequate internal controls. As a minimum requirement, control activities should address key risks identified within the Group. Group Management have the ultimate responsibility for internal controls within their areas of responsibility. Group Management is described on pages 154–155.

The ECS Program Office, a department within the Internal Audit function, has developed the methodology and is responsible for maintaining the ECS. To ensure timely completion of these activities, specific roles aligned with the company structure, with clear responsibilities regarding internal control, have been assigned within the Group.



CONTROL ENVIRONMENT – EXAMPLE

Accounting Manual

Accounting principles and reporting instructions for the Group’s reporting entities are contained in the Electrolux Accounting Manual. The Accounting Manual is mandatory for all reporting units.

Credit Policy

Rules for customer assessment and credit risk that clarify responsibilities and are the framework for credit decisions.

Delegation of Authority Document

Details the approval rights, with monetary, volume or other appropriate limits, e.g., approval of credit limits and credit notes.

Internal Control Policy

Details responsibility for internal controls. Controls should address the Minimum Internal Control Requirements (MICR) within every applicable process, for example “Order to Cash”.

Workplace Code of Conduct

Minimum standards in the area of environment, health and safety, labor standards and human rights. The Workplace Code of Conduct is mandatory for Electrolux units as well as suppliers.

Risk assessment

Risk assessment

Risk assessment includes identifying risks of not fulfilling the fundamental criteria, i.e., completeness, accuracy, valuation and reporting for significant accounts in the financial reporting for the Group as well as risk of loss or misappropriation of assets.

At the beginning of each calendar year, the ECS Program Office performs a global risk assessment to determine the reporting units, data centers and processes in scope for the ECS activities. Within the Electrolux Group, a number of different processes generating transactions that end up in significant accounts in the financial reporting have been identified. All larger reporting units perform the ECS activities. These larger units cover approximately 81% of the net sales and 69% of the net assets of the Group.

The ECS has been rolled out to almost all of the smaller units within the Group. The scope for smaller units is limited in terms of monitoring as management is not formally required to test the controls.

Control activities

Control activities

Control activities mitigate the risks identified and ensure accurate and reliable financial reporting as well as process efficiency.

Control activities include both general and detailed controls aimed at preventing, detecting and correcting errors and irregularities. In the ECS, the following types of controls are implemented, documented and tested:

- Manual and application controls – to secure that key risks related to financial reporting within processes are controlled.
- IT general controls – to secure the IT environment for key applications.
- Entity-wide controls – to secure and enhance the control environment.

Monitor

Monitor and Improve

Monitor and test of control activities is performed periodically to ensure that risks are properly mitigated.

Improve

The effectiveness of control activities is monitored continuously at four levels: Group, business area, reporting unit, and process.

Monitoring involves both formal and informal procedures applied by management, process owners and control operators, including reviews of results in comparison with budgets and plans, analytical procedures, and key-performance indicators.

Within the ECS, management is responsible for testing key controls. Management testers who are independent of the control operator perform these activities. The Group's Internal Audit function maintains test plans and performs independent testing of selected controls. Controls that have failed must be remediated, which means establishing and implementing actions to correct weaknesses.

The test results from the larger reporting units are presented to the external auditors who assess the results of the testing performed by management and the Internal Audit function and determine to what extent they can rely upon the work within the ECS for Group audit and statutory audit purposes.

The Audit Committee reviews reports regarding internal control and processes for financial reporting. The Group's Internal Audit function proactively proposes improvements to the control environment. The head of the Internal Audit function has dual reporting lines: To the President and the Audit Committee for assurance activities, and to the CFO for other activities.

Inform and communicate

Inform and communicate

Inform and communicate within the Electrolux Group regarding risks and controls contributes to ensuring that the right business decisions are made.

Guidelines for financial reporting are communicated to employees, e.g., by ensuring that all manuals, policies and codes are published and accessible through the Group-wide intranet as well as information related to the ECS.

To inform and communicate is a central element of the ECS and is performed continuously during the year. Management, process owners and control operators in general are responsible for informing and communicating the results within the ECS.

The status of the ECS activities is followed up continuously through status calls between the ECS Program Office and coordinators in the sectors. Information about the status of the ECS is provided periodically to Sector and Group Management, the Audit Board and the Audit Committee.

RISK ASSESSMENT – EXAMPLE

Closing Routine – Risks assessed



Manage IT – Risks assessed



Order to Cash – Risks assessed



CONTROL ACTIVITIES – EXAMPLE

| Process | Risk assessed | Control activity |
|-----------------|--|---|
| Closing Routine | Risk of incorrect financial reporting. | Reconciliation between general ledger and accounts receivable sub-ledger is performed, documented and approved. |
| Manage IT | Risk of unauthorized/incorrect changes in the IT environment | All changes in the IT Environment are authorized, tested, verified and finally approved. |
| Order to Cash | Risk of not receiving payment from customers in due time. | Customers' payments are monitored and outstanding payments are followed up. |
| Order to Cash | Risk of incurring bad debt | Application automatically blocks sales orders/deliveries when the credit limit is exceeded. |

Financial reporting and information

Electrolux routines and systems for information and communication aim at providing the market with relevant, reliable, correct and vital information concerning the development of the Group and its financial position. Specifically for purposes of considering the materiality of information, including financial reporting, relating to Electrolux and ensuring timely communication to the market, a Disclosure Committee has been formed.

Electrolux has an information policy meeting the requirements for a listed company.

Financial information is issued regularly in the form of:

- Full-year reports and interim reports, published as press releases.
- The Annual Report.
- Press releases on all matters which could materially affect the share price.
- Presentations and telephone conferences for financial analysts, investors and media representatives on the day of publication of full-year and quarterly results and in conjunction with the release of important news.
- Meetings with financial analysts and investors in Sweden and worldwide.

All reports, presentations and press releases are published simultaneously at www.electroluxgroup.com/ir.

Stockholm, February 15, 2017

AB Electrolux (publ)
The Board of Directors

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in AB Electrolux, corporate identity number 556009-4178.

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2016 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, February 17, 2017

PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Partner in Charge

Anna Rosendal
Authorized Public
Accountant

Factors affecting forward-looking statements

This annual report contains "forward-looking" statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Such statements include, among others, the financial goals and targets of Electrolux for future periods and future business and financial plans. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but may not be limited to the following: consumer demand and market conditions in the geographical areas and industries in

which Electrolux operates, effects of currency fluctuations, competitive pressures to reduce prices, significant loss of business from major retailers, the success in developing new products and marketing initiatives, developments in product liability litigation, progress in achieving operational and capital efficiency goals, the success in identifying growth opportunities and acquisition candidates and the integration of these opportunities with existing businesses, progress in achieving structural and supply-chain reorganization goals.