

Corporate governance report 2017

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.

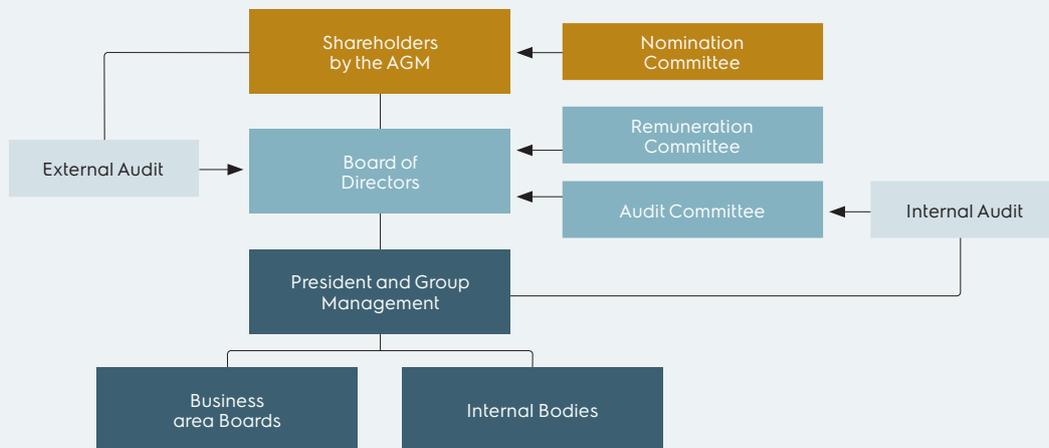
The Electrolux Group comprises 153 companies with sales in more than 150 countries. The parent company of the Group is AB Electrolux, a public Swedish limited liability company. The company's shares are listed on Nasdaq Stockholm.

The governance of Electrolux is based on the Swedish Companies Act, Nasdaq Stockholm's rule book for issuers 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 administrates 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 2017. 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 2017.

Governance structure



Major external regulations

- Swedish Companies Act.
- Nasdaq Stockholm's rule book for issuers.
- 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 shapes living for the better by reinventing taste, care and wellbeing experiences, making life more enjoyable and sustainable for millions of people. As a leading global appliance company, we place the consumer at the heart of everything we do. Through our brands, including Electrolux, AEG, Anova, Frigidaire, Westinghouse and Zanussi, we sell more than 60 million household and professional products in more than 150 markets every year. In 2017, Electrolux had sales of SEK 122 billion and employed 56,000 people around the world. For more information, go to www.electroluxgroup.com.

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 2017

- Re-election of Ronnie Leten as Chairman of the Board and election of Kai Wörn as new Board member.
- 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 2017, Electrolux had 45,295 shareholders according to Euroclear Sweden AB. Of the total share capital, 44% was owned by Swedish institutions and mutual funds, 51% by foreign investors and 5% 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 38.2% of the share capital and 49.3% 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, 2017, 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 March 2017 decided to adopt the Board's proposed dividend of SEK 7.50 per share for 2016 which, in accordance with the Board's proposal, was paid out in two equal installments. The Board of Directors proposes a dividend for 2017 of SEK 8.30 per share to be paid in two equal installments, for a total dividend payment of approximately SEK 2,385m.

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 by 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.

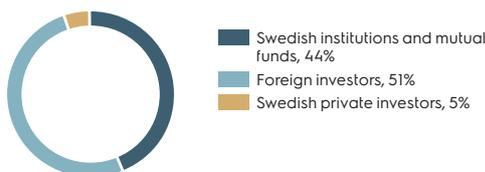
Individual shareholders requesting that a specific issue be included in the agenda of a shareholders' meeting can normally request the Electrolux Board to do so. The last date for making such a request for the respective meeting will be published on the Group's website.

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 2017

The 2017 AGM was held at the Stockholm Waterfront Congress Centre in Stockholm, Sweden, on March 23, 2017. 1,128 shareholders representing a total of 48.4% of the share capital and 61.3% of the votes were represented 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.

OWNERSHIP STRUCTURE

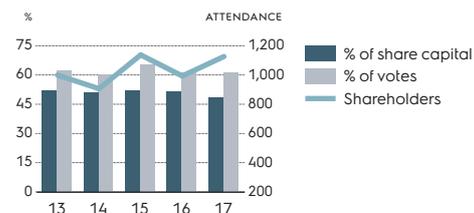


Source: Euroclear Sweden and Holdings as per December 31, 2017.

The foreign ownership has increased to 51% at year-end 2017 from 46% at year-end 2016. 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 2013-2017



1,128 shareholders representing a total of 48.4% of the share capital and 61.3% of the votes were present at the 2017 AGM.

Decisions at the Annual General Meeting 2017 included:

- Dividend payment of SEK 7.50 per share for fiscal year 2016 to be paid out in two equal installments of SEK 3.75 per share.
- Election of Kai Wärn as new Board member and re-election of the Board members Hasse Johansson, Petra Hedengran, Ronnie Leten, Ulla Litzén, Bert Nordberg, Fredrik Persson, David Porter, Jonas Samuelson 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 2017 covering up to 350 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 2015.

Annual General Meeting 2018

The next AGM of Electrolux will be held on Thursday, April 5, 2018, at Stockholm Waterfront Congress Centre in Stockholm, Sweden.

For additional information on the next AGM and how to register attendance, see page 165.

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 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.

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.

Nomination Committee for the AGM 2017

The Nomination Committee for the AGM 2017 was comprised of six members. Johan Forssell of Investor AB led the Nomination Committee's work.

For the proposal for the AGM 2017, 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 applied rule 4.1 of the Code as diversity policy in its nomination work. The Nomination Committee considered that a breadth and variety as regards age, nationality, educational background, gender, experience, competence and term of office is represented among the Board members.

The Nomination Committee proposed Kai Wärn as new Board member and re-election of Ronnie Leten as Chairman of the Board. After the election at the AGM 2017, three out of nine 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 2017. 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 2018

The Nomination Committee for the AGM 2018 is based on the ownership structure as of August 31, 2017, and was announced in a press release on September 27, 2017.

The Nomination Committee's members are:

- Johan Forssell, Investor AB, Chairman
- Kaj Thorén, Alecta
- Marianne Nilsson, Swedbank Robur Funds
- Carine Smith Ihenacho, Norges Bank 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.

Board of Directors

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 ten 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 ten Board members are not Swedish citizens.

For additional information regarding the Board of Directors, see pages 158–159. 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 158.

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 2017

During the year, the Board held ten 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 158.

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 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.

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

Remuneration to the Board of Directors 2015–2017 (applicable as from the respective AGM)

SEK	2017	2016	2015
Chairman of the Board	2,075,000	2,030,000	2,000,000
Deputy Chairman of the Board	–	–	640,000
Board member	580,000	560,000	550,000
Chairman of the Audit Committee	250,000	250,000	250,000
Member of the Audit Committee	120,000	95,000	95,000
Chairman of the Remuneration Committee	125,000	120,000	120,000
Member of the Remuneration Committee	75,000	60,000	60,000

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 2017**
- Dividend payment for the fiscal year 2016.
 - Adapting Electrolux strategy and business model to global industry drivers such as digitalization, consolidation, increased consumer power, sustainability and a growing middleclass.
 - Acquisition to broaden Electrolux offering in existing and new segments and markets:
 - Kwikot Group, a leading water heater company in South Africa
 - Grindmaster-Cecilware, a U.S. based manufacturer of beverage products
 - Anova, a U.S. fast-growing smart kitchen appliance company
 - Best, European kitchen hoods company
 - Continental brand in Latin America
 - Increased investments in manufacturing for further growth and increased cost efficiency mainly in North America and Latin America.
 - Continued actions to restore profitability within the business areas Home Care & SDA and Major Appliances Latin America.

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 lead by the Chairman of the Board. Evaluation tools include questionnaires and discussions.

In 2017, 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

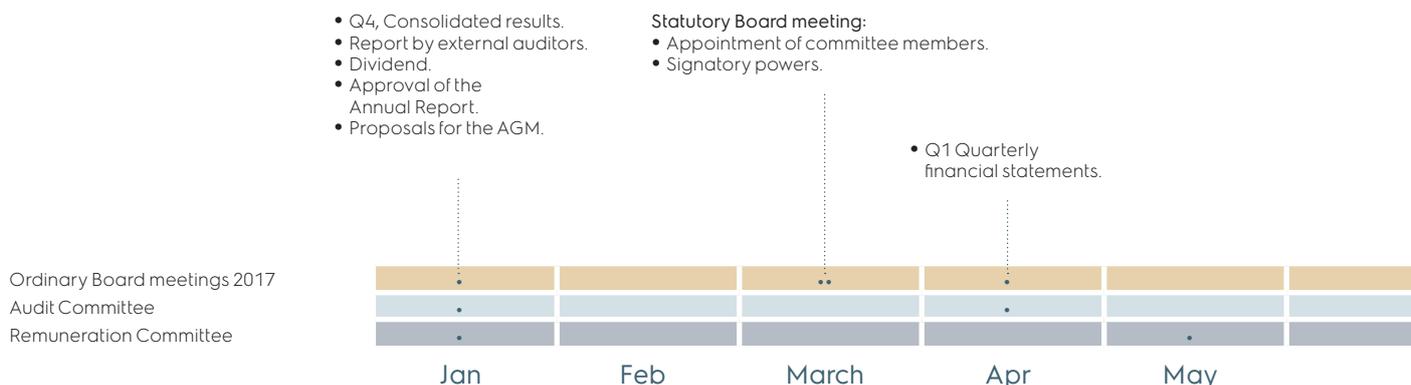
Remuneration to Board members is determined by the AGM and distributed to the Board members who are not employed by Electrolux. The remuneration to the Chairman and the Board members was revised during 2017, see page 151.

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 2017



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 2017, the Remuneration Committee held two meetings. The attendance of each Board member at these meetings is shown in the table on page 158. Significant issues addressed include 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 2018. 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 2017 consisted 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 2017, the Audit Committee held five meetings. The attendance of each Board member at these meetings is shown in the table on page 158. 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 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.
- To support the Nomination Committee with proposals when electing 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.

June

July

Aug

Sep

Oct

Nov

Dec

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 162. 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.

Camilla Samuelsson

Born 1968. Authorized Public Accountant. Holdings in AB Electrolux: 0 shares.

Holdings in AB Electrolux as of December 31, 2017 and includes holdings of related natural and legal persons, when applicable.

Fees to auditors

SEKM	2017	2016	2015
PwC			
Audit fees	41	40	42
Audit-related fees	2	1	2
Tax fees	1	4	3
All other fees	10	4	21
Total fees to PwC	54	49	68
Audit fees to other audit firms	2	—	—
Total fees to auditors	56	49	68

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 purpose to shape living for the better
Electrolux has a strategic framework that connects a consumer experience focused

business model with a clear company purpose – Shape living for the better. To achieve the purpose and drive profitable growth, Electrolux uses a business model which focuses on creating Best-in-Class Consumer Experiences. By creating desirable solutions and great experiences that enrich peoples’ daily lives and the health of the planet, Electrolux want to be a driving force in defining enjoyable and sustainable living. Focus is to invest in innovations that are most relevant for creating the best consumer experience to make great tasting food, the best care for clothes and to increase well-being in the home.

Targeted growth and optimization of the product portfolio to the most profitable product categories and products with distinct consumer benefits, will strengthen the presence of Electrolux in the product categories and channels where the Group is most competitive. In addition to organic growth, Electrolux sees a potential to grow through acquisitions. This is supported by a strong foundation of Operational Excellence and Talent & Teamship, as well as three important transformational drivers; Continues improvement, Digital transformation and Sustainable development. Electrolux objective is to grow with consistent profitability, see the financial targets below.

A sustainable business

Sustainability leadership is crucial to realizing the Electrolux strategy for long-term profitable growth. In 2017, Electrolux most resource-efficient products represented 19% 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. All employee actions must be governed by the principles of ethics, integrity and respect, 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 2017, 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 highest number of reports in 2017 related to discrimination and harassment, such as the use of abusive language or disrespectful behavior.

In line with the UN Guiding Principles on Business and Human Rights, a Group level human rights risk assessment was conducted in 2016. In 2017, a framework was developed for local human rights risk assessments, which was launched in Egypt and Thailand. The framework focuses on identifying the risk of harming people, as a direct or indirect result of our operations, and includes corruption risks as well as opportunities to increase local positive impacts.

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

Electrolux as a tax payer

One important aspect of Electrolux company purpose – Shape living for the better – 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 56,000 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 2017. 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 2017 amounted to approximately SEK 7.8bn whereof approximately 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 1,221m in 2017, representing a global effective tax rate of the Group of 17.5%. Approximately 40% of the total corporate income taxes in 2017 related to the Group’s activities in emerging markets.

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

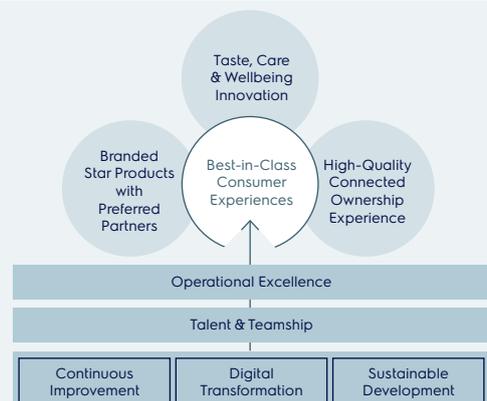
ELECTROLUX TOTAL TAXES 2017



Financial targets over a business cycle

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 improved profitability.

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



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.

Risk exposures are managed by internal bodies, see chart below, and business area boards.

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 162.

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 Home Care & SDA 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, see

chart below. Each body includes representatives from concerned functions.

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	<p>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.</p>
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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.

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.

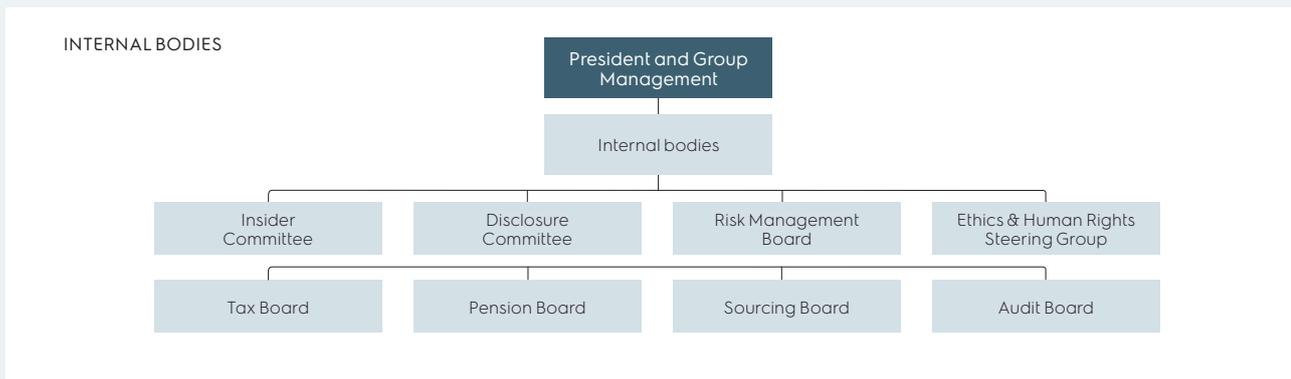
Changes in Group management during 2017

Ricardo Cons was appointed Head of Major Appliances Latin Americas as from February 1, 2017.

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

Lars Hygrell was appointed Chief Marketing Officer as from May 1, 2017. He succeeded MaryKay Kopf who decided to leave her position.

For details regarding members of Group Management, see pages 160–161. The information is updated regularly at the Group’s website: www.electroluxgroup.com.



Major issues addressed by the President and Group Management in 2017

- Appointment of new Group management members.
- Electrolux strategic framework - Shape living for the better
- Focus on taste, care and wellbeing innovation areas to provide Best-in-Class consumer experience.
- Program to improve quality and the ownership experience for consumers.
- Product portfolio management to focus on star products and exiting unprofitable product categories.
- Continues improvement to achieve a competitive cost structure.
- Modularization, automation and digitalization within manufacturing.
- Increased investments in manufacturing for further growth and increased cost efficiency mainly in North America and Latin America.
- Digitalization such as connected appliances and digital commerce.
- Acquisition to broaden Electrolux offering in existing and new segments and markets:
 - Kwikot Group, a leading water heater company in South Africa
 - Grindmaster-Cecilware, a U.S. based manufacturer of beverage products
 - Anova, a U.S. fast-growing smart kitchen appliance company
 - Best, European kitchen hoods company
 - Continental brand in Latin America
- Continued actions to restore profitability within the business areas Home Care & SDA and Major Appliances Latin America.

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:

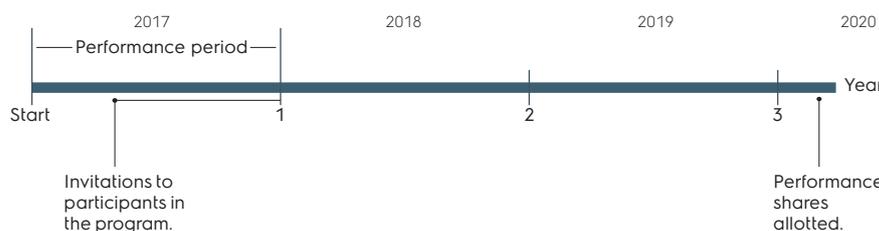
- Fixed compensation.
- Variable compensation.
- Other benefits such as pension and insurance.

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 2017 decided on a long-term share program for up to 350 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 2017



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 2017 financial year. Allotment of performance shares, if any, to the participants will be made in 2020.

Board of Directors and Auditors

RONNIE LETEN

Chairman
Born 1956. Belgium. M.Sc. Applied Econ. Elected 2012. Member of the Electrolux Remuneration Committee.

Other assignments: Board Member of AB SKF and F Intressenter 3 AB.

Previous positions: Various senior positions within the Atlas Copco Group including president and CEO of Atlas Copco AB. Plant Manager of Tenneco Automotive Inc, Belgium. Various positions within General Biscuits.

Holdings in AB Electrolux: 10,000 B-shares.



JONAS SAMUELSON

President and CEO

Born 1968. Sweden. M.Sc. Econ. Elected 2016.

Other assignments: Board Member of Polygon AB.

Previous positions: Various senior positions within Electrolux including CFO of AB Electrolux, COO Global Operations Major Appliances and Head of Major Appliances EMEA. Chief Financial Officer and Executive Vice President of Munters AB. Various positions within General Motors, mainly in the U.S., and Saab Automobile AB.

Holdings in AB Electrolux: 25,068 B shares.



ULLA LITZÉN

Born 1956. Sweden. B.Sc. Econ. and M.B.A. Elected 2016. Chairman of the Electrolux Audit committee.

Other assignments: Board Member of Alfa Laval AB, Husqvarna AB, NCC AB and Ratos AB.

Previous positions: President of W Capital Management AB, wholly-owned by the Wallenberg Foundations. Various leading positions within the Investor Group including Managing Director and member of Group Management of Investor AB.

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.

Other assignments: General Counsel and member of Group Management of Investor AB. Board Member of Alecta and 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. Various positions within the ABB Financial Services including General Counsel of ABB Financial Services, Nordic Region. Law Clerk with the Stockholm District Court. Associate at Gunnar Lindhs Advokatbyrå.

Holdings in AB Electrolux: 3,500 B-shares.



HASSE JOHANSSON

Born 1949. Sweden. M. Sc. in Electrical Engineering. Elected 2008.

Other assignments: Chairman of the Board of Dynamate Industrial Services AB and Uniter AB. Board Member of Skyllbergs Bruk AB, Calix Group AB, DevPort AB, Klippan Group AB and SEM Electromagnet Holding AB.

Previous positions: Executive Vice President and Head of R&D of Scania CV AB. Founder of Mecel AB (part of Delphi Corporation). Various senior management positions within Delphi Corporation.

Holdings in AB Electrolux: 4,000 B-shares.



KAI WÄRN

Born 1959. Sweden. M.Sc. in Mechanical Engineering. Elected 2017.

Other assignments: President and CEO of Husqvarna AB. Board Member of Husqvarna AB.

Previous positions: Operations Partner at IK Investment Partners Norden AB. President and CEO of Seco Tools AB. Various positions within ABB.

Holdings in AB Electrolux: 4,000 B-shares.

BERT NORDBERG

Born 1956. Sweden. Engineer. Elected 2013.

Other assignments: Chairman of the Board of Vestas Wind Systems A/S. Board Member of Svenska Cellulosa Aktiebolaget SCA, Axis Communications AB, Essity AB and Saab Group.

Previous positions: Chairman, President and CEO of Sony Mobile Communications AB. Various leading positions within the Ericsson Group. Various positions within Data General Corporation and Digital Equipment Corporation.

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



THE BOARD'S REMUNERATION DURING 2017, MEETING ATTENDANCE AND INDEPENDENCE

	Total remuneration 2017, '000 SEK	Board meeting attendance ¹⁾	Remuneration Committee attendance	Audit Committee attendance	Independence ²⁾
Ronnie Leten	2,154	10/10	2/2		Yes
Petra Hedengran	881	8/10	2/2	5/5	No
Hasse Johansson	718	10/10			Yes
Ulla Litzén	825	9/10		5/5	Yes
Bert Nordberg	575	10/10			Yes
Fredrik Persson	687	9/10		5/5	Yes
David Porter	575	9/10			Yes
Jonas Samuelson	–	10/10			No
Ulrika Saxon	665	10/10	2/2		Yes
Kai Wörn	435	7/10			Yes

¹⁾ Kai Wörn was appointed new Board member at the AGM in March 2017.

²⁾ For further information about the independence assessment, see page 151.

Holdings in AB Electrolux are stated as of December 31, 2017 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.

Other assignments: Chairman of the board of JM AB, the Confederation of Swedish Enterprise (Sw. Svenskt Näringsliv), ICC Sweden and Nasdaq Stockholm AB's Listing Committee. Board Member of Hufvudstaden AB and Ahlström Capital Oy.

Previous positions: Various leading positions within Axel Johnson AB including President and CEO. Head of Research of Aros Securities AB. Various positions within ABB Financial Services AB.

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: 7,951 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.

CAMILLA SAMUELSSON

Born 1968. 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.

Other assignments: President and CEO of Bonnier Growth Media and member of Bonnier AB group management. Board Member of Svensk Filmindustri, Adlibris, KIT Media, FLX and Refunder.

Previous positions: Senior positions with various companies within the Bonnier Group including CEO of Bonnier Magazines. Senior positions within marketing and media strategy consultancy.

Holdings in AB Electrolux: 2,000 B-shares.

**DAVID PORTER**

Born 1965. USA. Bachelor's degree, Finance. Elected 2016.

Other assignments: Head of Microsoft Stores, Corporate Vice President, Microsoft Corp.

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

Holdings in AB Electrolux: 1,250 B-shares.

**EMPLOYEE REPRESENTATIVES****GUNILLA BRANDT**

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

Board meeting attendance: 10/10

Holdings in AB Electrolux: 0 shares.

**ULF CARLSSON**

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

Board meeting attendance: 9/10

Holdings in AB Electrolux: 0 shares.

**BO ROTHZÉN**

Born 1963. Representative of the Swedish Confederation of Trade Unions. Elected 2017.

Board meeting attendance: 7/10

Holdings in AB Electrolux: 0 shares.

EMPLOYEE REPRESENTATIVES, DEPUTY MEMBERS**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.

**JOACHIM NORD**

Born 1966. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2018.

Holdings in AB Electrolux: 0 shares.

Group Management



5 JONAS SAMUELSON President and CEO

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

Other assignments: Board Member of Polygon AB.

Previous positions: Various senior positions within Electrolux including CFO of AB Electrolux, COO Global Operations Major Appliances and Head of Major Appliances EMEA. Chief Financial Officer and Executive Vice President of Munters AB. Various senior positions within General Motors, mainly in the U.S., and Saab Automobile AB.

Holdings in AB Electrolux: 25,068 B-shares.

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

Born 1969. The Netherlands. B.Sc. in Marketing. In Group Management since 2016 and employed since 2002.

Previous positions: Various senior positions within Electrolux including General Manager of Electrolux Japan and Senior Vice President Product Line Kitchen Electrolux Major Appliances EMEA. Management positions in Europe Stanley Works Europe and the Whirlpool Corporation.

Holdings in AB Electrolux: 8,785 B-shares.

9 JAN BROCKMANN Chief Operations Officer

Born 1966. Germany. M. Sc. in Mechanical Engineering, M.B.A. In Group Management since 2011 and employed since 2010.

Previous positions: Various senior positions within Electrolux including Group Chief Technology Officer and Head of R&D, Electrolux Major Appliances. Various senior management positions within Volkswagen Group. Project Manager in Roland Berger Strategy Consultants GmbH. Management positions within Valeo Group.

Holdings in AB Electrolux: 8,789 B-shares.

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

Born 1967. Brazil. Bachelor in Business Administration, Finance and Marketing, MBA in Team Management. In Group

Management since 2016 and employed since 1997–2011 and 2016.

Previous positions: Management positions at Franke in Brazil. Various senior positions at Electrolux Brazil, including President Small Appliances Latin America, Sales and Marketing Director Major Appliances. Positions in Volvo Brazil.

Holdings in AB Electrolux: 0 shares.

3 LARS HYGRELL Chief Marketing Officer, Senior Vice President

Born 1964. Sweden. Master of Industrial Engineering and Management. In Group Management since 2017 and employed since 2009.

Previous positions: Various senior positions within Electrolux including Vice President of Marketing and Brands for Major Appliances EMEA and Vice President Global Brand Management. Various positions

within marketing for Saab Automobile and General Motors Europe.

Holdings in AB Electrolux: 4,425 B-shares.

6 ANNA OHLSSON-LEIJON Chief Financial Officer

Born 1968. Sweden. B. Sc. in Business Administration and Economics. In Group Management since 2016 and employed since 2001.

Other assignments: Board member of Alfa Laval AB.

Previous positions: Various senior positions within Electrolux including CFO of Electrolux Major Appliances EMEA and Head of Electrolux Corporate Control & Services. Chief Financial Officer of Kimoda. Various positions within PricewaterhouseCoopers.

Holdings in AB Electrolux: 4,629 B-shares.



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 and employed since 2015.
 Previous positions: CEO and President of Lixil Corp in Greater China. President of American Standard Asia Pacific (Lixil Corp subsidiary). China CEO of Decorative Paints, within ICI/Akzo Nobel. Various management positions in Philips Electronics in Asia Pacific, China and Australia/New Zealand.
 Holdings in AB Electrolux: 0 shares.

8 OLA NILSSON
 Head of Home Care & Small Domestic Appliances, Executive Vice President
 Born 1969. Sweden. M. Sc. in International Business Administration. In Group Management since 2016 and employed since 1994.
 Previous positions: Various senior positions within Electrolux including Senior Vice President, Product Line Laundry Major Appliances EMEA and President Small Appliances Asia Pacific.
 Holdings in AB Electrolux: 4,377 B-shares

9 ALAN SHAW
 Head of Major Appliances North America and Executive Vice President
 Born 1963. USA. B.S. in Economics and Political science, M.B.A. in Marketing. In Group Management and employed since 2016.

Previous positions: Executive Vice President at Husqvarna AB. President and Chief Executive Officer at Char-Broil LLC. President and Chief Executive Officer at Murray Group. Various senior management positions in Asia-Pacific and North America at Whirlpool JV, Consul, in Brazil. Product management positions at Whirlpool Corporation.
 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 and employed since 1994–2005 and 2011.
 Previous positions: Head of Group Staff Human Resources at Husqvarna AB, 2005–2011. Various senior positions within Electrolux including Head of

Human Resources for Electrolux Major Appliances North America and Head of Electrolux Holding A/S in Denmark.
 Holdings in AB Electrolux: 17,155 B-shares.

11 ALBERTO ZANATA
 Head of Professional Products, Executive Vice President
 Born 1960. Italy. University degree in Electronic Engineering with Business Administration. In Group Management since 2009 and employed since 1989.
 Previous positions: Senior management positions within Electrolux including Head of Professional Products in North America and Senior management positions in Electrolux Professional Products.
 Holdings in AB Electrolux: 26,141 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 and employed since 2002.
 Previous positions: Various senior positions within Electrolux including Head of Electrolux Corporate Legal Department and Head of Electrolux Legal Affairs Europe. Corporate Counsel at Telia Mobile AB. Lawyer at Advokatfirman Vinge. Law Clerk with the Stockholm District Court.
 Holdings in AB Electrolux: 7,951 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.

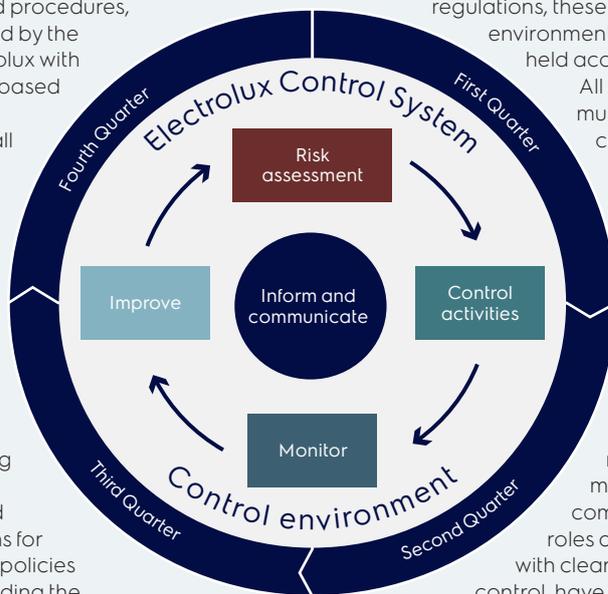
The Electrolux Board has overall responsibility for establishing an effective system of internal control. Responsibility for maintaining effective internal controls is delegated to the President. The governance structure of the Group is described on page 148. Specifically for financial reporting, the 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 160–161.

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 significant effect on 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, 2018

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 (publ), 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 2017 on pages 148–164 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 16, 2018

PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Partner in Charge

Camilla Samuelsson
Authorized Public
Accountant

Factors affecting forward-looking statements

This annual report contains "forward-looking" statements within the meaning of the U.S. 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.