



# For the Better

Electrolux Sustainability Report 2017

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## Our transformation into a more purpose-driven company

In 2017, we launched our new company purpose 'Shape living for the better', which includes three drivers - Act Sustainably, Create Better experiences and Always Improve. Our purpose reinforces the fact that sustainability is a top priority throughout Electrolux, along with creating more sustainable and enjoyable experiences for our customers.

Shape living for the better is not about changing who we are or how we work with sustainability. Our sustainability framework already provides us with a clear direction for how we create more efficient solutions, improve our operations and contribute to a better society. In fact, for nearly 100 years, Electrolux has sought to change the world for the better by providing innovative time-saving home solutions, which enable consumers to focus on the people and things they love.

But this new focus on our purpose is significant. Not only do purpose-led organizations perform better financially, but it's a fact that they enable employees to feel more fulfilled at work. I want everyone at Electrolux to feel inspired by our company's purpose, and to be excited that their daily actions can contribute to improving the lives of millions of people - as well as a better planet. It's the small everyday actions that make the difference, and by acting sustainably, working to create better experiences, and always looking to improve, everyone at Electrolux has the opportunity to shape living for the better for people around the world. In addition, employee fulfillment is essential in attracting and retaining talent and our core competence, which is fundamental to the success of our business.

To achieve our purpose and drive profitable growth, our strategy is implemented through a business model that focuses on creating best-in-class consumer experiences. Our approach also recognizes the increasing power consumers have, and the importance of digitalization in how social media influences consumer decisions.

Sustainable development continues to be a key element of our business model that is essential for realizing our purpose and provides us with a significant competitive advantage in many of our markets. Our sustainability priorities target nine main areas that contribute to better solutions, better operations and better society. This report details our progress in these areas in 2017.

In terms of better solutions, I want our consumers to experience on a daily basis how we shape living for the better through our products and services. Our mission at Electrolux is to reinvent taste, care and wellbeing experiences for more enjoyable and sustainable living around the world. Imagine for a moment the positive impact we can have through products that reduce food waste, make it easier to cook healthier meals, maintain garments for longer, and purify the air in consumers' homes.

As part of our commitment to better operations, we have announced several projects to re-engineer our factories in North America and Latin America. These large investments will realize significant financial and environmental savings. We plan to improve energy efficiency and to eliminate hydrofluorocarbons, as detailed in our re-engineering plan published in February 2018. As a result, greenhouse gases corresponding to more than three million tonnes of CO<sub>2</sub> will be eliminated, a significant step towards the Group's 50% climate target.

In our work to contribute toward a better society, it is satisfying to see how our Food Foundation continues to develop - both in terms of the number of projects and people we benefit. The Foundation gives us an excellent platform to shape living for the better for many people around the world.

In December 2017, we submitted an ambitious new science-based target to the Science Based Targets initiative that includes emission reduction objectives for 2025. We will strive to meet these targets through our ongoing focus on energy efficient products, and initiatives in our own operations, such as our planned re-engineering projects in the Americas.

During the year, we continued our work to contribute toward Agenda 2030 and the Sustainable Development Goals (SDGs). As a company with strong fundamental values, and as a signatory of the UN Global Compact, we also continued to support the development of a global agenda for human rights.

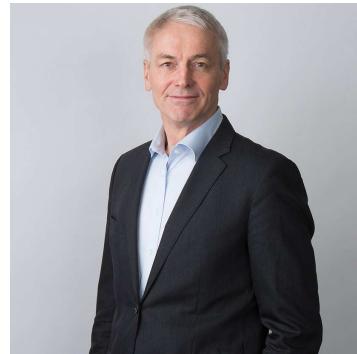
I would like to thank all our employees for their fantastic efforts during the year, and I look forward to our continued journey into a more purpose-driven company together.

A handwritten signature in black ink, appearing to read "J. Samuelson".

Stockholm, February 2018  
Jonas Samuelson  
President and Chief Executive Officer

# Embedding sustainability into our operations to drive performance

Henrik Sundström, VP Sustainability Affairs, shares some of this year's highlights and explains how Electrolux will continue to drive sustainability in 2018.



## What were the main highlights of the year?

We have continued to improve our overall sustainability performance and integrate sustainability during the year. The objective has been to further embed sustainability throughout our business as a key part of our new Purpose.

Electrolux was named the Industry Leader of the Household Durables category in the Dow Jones Sustainability Index for the eleventh consecutive year. CDP also included Electrolux in its Climate A list for the second year running, and we scored A- in our first response to CDP Water. At the end of the year, our new climate target for 2025 was submitted to the Science-Based Targets Initiative. We also continued to significantly increase the use of renewable energy.

The Electrolux Food Foundation began its successful work in 2017, with two global projects and seven local projects in Australia, Poland, Brazil, North America, Asia-Pacific and Sweden. Food is an area that accounts for 70 percent of our business - and where we have a significant opportunity to live up to our promise to Be a Force for Good.

We continue to launch new efficient products to minimize the use of energy and water during use. A good example is our next generation of rack type dishwashers for professional kitchens that uses just a glass of water per rack and offers the lowest running costs in the industry. We also launched campaigns to help consumers use products in a more sustainable way. The 'Don't Overwash' Care Label project was developed together with key partners from the fashion industry to raise awareness of more sustainable clothing care habits enabled by the AEG laundry range.

We continued to improve health and safety performance, and we are on track to meet our global injury rate (TCIR) target of 0.5 by 2020. This demonstrates our strong safety culture and the successful implementation of our safety programs.

Human rights assessments in Thailand and Egypt were carried out with very active participation from the local Electrolux organizations. We also started a due diligence process to investigate the supply chain for conflict minerals from first tier suppliers to smelters.

We launched a global transport dashboard to help promote low-carbon and cost-effective transport options, which is an example of how digitalization is helping to streamline our business. Another important transport-related project in Chile was a switch to low-sulphur bunker fuels. As many ports around the world still allow anchored ships to burn heavy fuel oils, which emits 3,500 times more SOx than road diesel, air pollution has become a serious issue in these cities.

## Did Electrolux face any challenges in 2017?

Some challenges have been encountered during the year that limited progress in some areas.

We continue to see an improvement in product energy efficiency, although at a slower pace than before. In the US new product efficiency regulations have been put on hold and in Europe manufacturers are awaiting the outcome of new energy labelling standards for all major appliances.

The energy efficiency improvement in our own operations was also slower than expected in 2017.

As the energy to produce a product decreases, other factors outside our control will have larger impact, such as the unusual cold weather in the first quarter of the year. However, a large switch to renewable electricity more than compensated for the increased use of energy.

In the next few years, Electrolux is planning to drastically increase investments in factories and product platforms are being updated. This will significantly enhance the Group's energy efficiency and reduce carbon emissions from product use.

**How will you continue to drive the sustainability agenda in 2018?**  
To Act Sustainably is a core driver for fulfilling the Electrolux purpose to "shape living for the better".

We will continue to drive projects in all areas that contribute to our Science Based Target to reduce our climate impact. The use of recycled materials in our products will receive renewed focus to ensure that we achieve our objectives.

Our human rights assessments and conflict minerals program will continue in 2018 by implementing the conclusions from 2017 and incorporating new areas into the programs.

Food Foundation projects will be expanded and we have the objective to replicate successful projects where possible, such as the successful professional kitchen training in Brazil for unemployed people.

I look forward to continuing to work with all these areas and to further integrating sustainability in 2018. Our new purpose will enable us to really drive our sustainability performance in the years to come.

# Our nine promises

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

## Better Solutions ▾

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

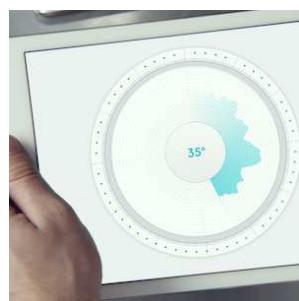
Rising incomes around the world mean that the market for appliances is growing. To meet this demand without increasing our impact on the environment we have to help improve the way our customers and consumers use resources; raw materials, water and especially energy.



## Better Operations ▾

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

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



## Better Society ▾

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

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





## Constantly improve product performance and efficiency

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

### Our promise

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

### The roadmap to 2020

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

### The case for action

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

Efficient appliances can help with these issues, by saving energy and water throughout the lifespan of the appliances. Efficient dishwashers for example are more water efficient than washing dishes by hand. Product energy use is responsible for over 80% of our climate

impact, product energy efficiency is where we can make our greatest contribution to tackling climate change.

### Our approach

Product efficiency targets and KPIs are integrated into our product generation planning - supported by an analysis of the regulatory landscape, energy labeling, market position and energy-efficiency improvements. We strive to be a market leader in product efficiency in all our main markets, and we set our product performance targets accordingly. Our individual product efficiency targets are also designed to contribute toward our 50% climate reduction targets.

In our reporting, we measure sales volumes and gross profit from our Green range in main markets compared with our global offering. Our Green Range includes our most energy and water efficient products.

Besides product efficiency innovation, we are also exploring efficiency opportunities related to digitalization and connectivity. For example, the potential for smart appliances to measure consumer behaviour or connect to a smart grid to optimize energy use.

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

### Challenges

- Credible communication of leading product performance to consumers in markets without energy labels
- With efficiency levels already high in Europe, the cost of further product improvements is increasing, while the absolute efficiency savings that are achievable reduce
- Various energy efficiency standards around the world make it difficult to apply worldwide best practice

Engaging in dialogue directly with consumers on the value of using appliances optimally and efficiently will help us overcome these challenges.

# Progress on our promise

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

## The roadmap to 2020 Next steps

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

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

Include targets for Electrolux Professional.

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

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

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

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

● On track

● Additional effort is required

● Off track

○ Work has not yet begun

## How we measure progress

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

## Our efficient products

Year on year, Electrolux has demonstrated the value of efficient products. In 2017, the global Green range of our most energy and water efficient products accounted for 19% (19) of total units sold and 28% (28) of gross profit for consumer products. Every year we raise the bar in terms of

the criteria used to evaluate the products included in the Green Range.

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

In Europe, which represents 32% of total Group sales, energy efficiency has improved by an average of 3% per year since 2013 (see graph EU Fleet Average below), and Electrolux is well established in the European efficiency market. Our leadership position is also evident in fabric care across markets and for food preservation, both of which are high-volume categories.

Examples of how we have engaged in consumer dialogue during the year include the Ten Stories About Food Waste documentary, and the AEG Care Label project to highlight more sustainable food and laundry practices among consumers. We have also launched the efficient green&clean rack type professional dishwasher, which uses a glass of water to clean each rack, and the Zero Waste All Taste campaigns for Electrolux Professional customers.

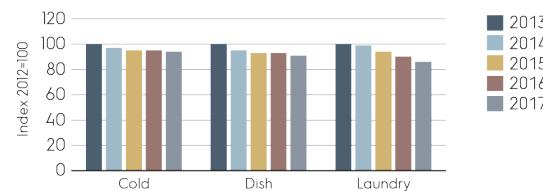
## Contributing to our 2020 Climate Target

Efficiency is a priority across all product categories, and each major category has 2020 targets in place for its markets, as well as indicators to track progress.

## R&D spent on sustainability-related innovation

The global approach to product design and modularization is crucial for stepping up the level of ambition across product categories. The expenditure for research and development in 2017, including capitalization of SEK 355m (274), amounted to SEK 3,621m (3,372) corresponding to 3.0% (3.0) of net sales.

## EU Fleet average



In Europe, Electrolux continuously improved its energy efficiency across three product categories in 2017. The energy index is set at 100% for 2013.

19/28%

The global Green Range accounted for 19% of total units sold but 28% of gross profit for consumer products in 2017



## Make better use of resources

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

### Our promise

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

### The roadmap to 2020

- Replace virgin materials with recycled materials in our products
- Increase the volume of recycled plastic to 20,000 tonnes annually
- Increase amount of scrap-based steel in our production

### The case for action

As the global middle class more than doubles in size by 2030, the demand for goods and services will increase together with the use of material resources. For Electrolux, this means we can expect the price of materials such as steel, plastic and electronic components to become more volatile. One of our most important materials is plastic, as it is fundamental for the design of affordable, durable appliances.

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

Steel is the largest material we use by volume, and is a significant source of CO<sub>2</sub> emissions. By sourcing scrap-based steel, we can make a significant reduction in our CO<sub>2</sub> footprint from materials.

### Our approach

Our internal Recycling Taskforce includes representatives from each Electrolux sector, purchasing, R&D, production and product lines to define this promise's scope, targets and action points. The main activities are to find reliable and high-quality material suppliers, and to identify the best opportunities within each product category for replacing virgin materials with recycled materials - either within the existing design or by adapting the design for recycled material.

#### Challenges

- Traceability of the source of plastics
- Securing consistent, safe and high-quality material
- Access to sufficient volumes
- Maintain use of recycled material when developing new products

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

# Progress on our promise

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

The roadmap to  
2020

Next steps

Replace virgin materials with recycled materials in our products.	● Expand strategic partnerships with suppliers.  Leverage experience from Europe in other regions.
Increase the volume of recycled plastic to 20,000 tonnes annually.	● Focus purchasing and R&D efforts to enable the introduction of recycled plastic in more applications.
Increase amount of scrap-based steel in our production.	● Leverage experience from North America in other regions.

● On track

● Additional effort is required

● Off track

○ Work has not yet begun

## How we measure progress

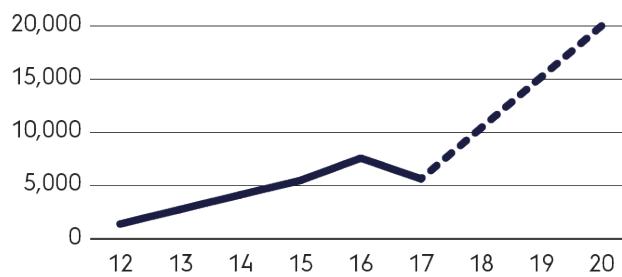
- The amount of recycled plastic we buy (in metric tonnes)
- The carbon footprint of the steel we buy compared with our 2013 baseline

### Recycled plastics

Our objective for 2020 is to achieve 20,000 tonnes of recycled plastic per year. In 2017, we have seen a slight dip in the total volume of recycled plastic - from 7,400 tonnes in 2016 to 5,640 tonnes in 2017. However, this is still 15 times more than in 2011 when reporting started. The main reason for this dip is the change to new laundry product platforms that initially use virgin material. Going forward, we intend to shift these new platforms to recycled plastic.

### Amount of recycled plastic (tonnes)

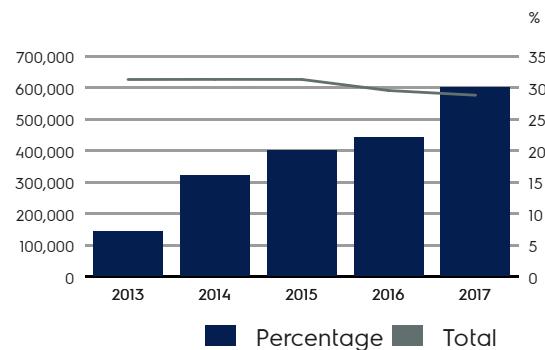
TONNES



### Recycled steel

Electrolux has increased the amount of recycled steel from 7% in 2013 to 30% (22%) in 2017, which has reduced the average annual carbon emissions per tonne of steel from 2.1 to 1.6 tonnes of CO<sub>2</sub>, and the annual CO<sub>2</sub> emissions by 256,000 tonnes. The accumulated CO<sub>2</sub> reduction from using recycled steel rather than ore-based steel from 2013 up until 2017 is 1,084,000 tonnes of CO<sub>2</sub> emissions.

### Steel evolution - total volume (tonnes, line) and share of recycled (percentage, columns)



Electrolux has made most progress with scrap-based steel in North America, where availability of high quality scrap-based steel is good. While we would like to see this happen in other sectors, it will take longer time to realize due to structural differences between the steel industries, with less quality scrap-based steel available outside North America.



## Eliminate harmful materials

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

### Our promise

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

### The roadmap to 2020

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

### The case for action

As the use of chemicals increases, we need to be more aware than ever of the impact of chemicals on people and the environment.

We want consumers to feel reassured that Electrolux has a robust approach to choosing materials for its products – to protect human health and the environment. Customers and consumers are increasingly aware of chemicals, and are raising their requirements on appliance companies such as Electrolux.

### Our approach

The Electrolux Global Chemicals Office coordinates and manages the chemicals listed on our Restricted Materials List throughout the Group and among our suppliers. Our environmental management process tracks material use on a site-by-site basis. Suppliers are required to adhere to our Restricted Materials List and report on their use of substances of concern. Focusing on high-risk applications and suppliers, we test thousands of components every year for chemical compliance at Electrolux laboratories and selected approved institutes.

The Eco@web online database is our Group chemical management tool, and includes detailed information on the chemicals used in our products. It allows us to avoid unwanted materials and track those that might cause concern in the future. Eco@web helps to manage our complex supply chain of over 3,000 direct suppliers.

The Electrolux Restricted Material List, which is an integral part of our contracts with suppliers, provides information about chemical phase-out as well as the requirements for the use of chemicals. We continuously update the list in light of new legislation and research, and demands from customers and NGOs.

### Challenges

- Driving the phase out of chemicals where it is not supported by regulation
- Substituting HFCs in air conditioners, where there are no common industry solutions available
- Replacing high impact Greenhouse gases needs to be driven industry-wide, because solutions are dependent on legislation that enables viable alternatives

# Progress on our promise

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

## The roadmap to 2020

## Next steps

Implement a best-in-class global system for improving the control of chemicals throughout our complex supply chain and work with suppliers to replace chemicals of concern.	● Complete the implementation of Eco@web for Asia Pacific and Professional Food Service Equipment
Raise the bar on chemical requirements, taking into account new scientific findings.	● Annual update of the Electrolux Restricted Materials List
Eliminate all high-impact greenhouse gases from our products.	● Phase-out high impact greenhouse gases in air conditioning, food preservation and fabric care globally.

● On track

● Additional effort is required

● Off track

○ Work has not yet begun

2. Annual update of the Electrolux Restricted Materials List

3. Progress on the phase-out of high impact greenhouse gases.

## Chemical management and Electrolux Restricted Materials List

In 2017, we continued with the global roll out of our Eco@web tool, launching it in Egypt and finalizing its implementation for the production sites of Small Domestic Appliances business. New features were added to the tool in order to be able to focus on high risk suppliers and to respond even more quickly to changes in chemical legislation. Eco@web also improves our proof of chemical compliance for customers and institutions.

## Phase-out of high impact greenhouse gases.

One focus area is the phase out of hydro fluorocarbons (HFCs) that have a high global warming potential and are used in some markets as refrigerants or for foam blowing. We aim to have phased out HFCs from all markets by 2020, which will reduce our CO<sub>2</sub> footprint by 14% compared with the 2005 baseline.

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

Following several years of advocacy in the USA, spearheaded by Electrolux and the North American industry organization AHAM, US safety standards are being revised to allow appliance makers to transition away from HFCs to more eco-friendly hydrocarbon refrigerants. This is a clear example of how we work together with key stakeholders to overcome challenges and influence legislation for the better.

## How we measure progress

1. Level of implementation of the Group chemical management tool Eco@web throughout the organization.



## Achieve more with less

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

### Our promise

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

### The roadmap to 2020

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

### The case for action

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

We have been reducing energy, water and waste throughout our operations for many years through the Green Spirit program – which benefits the environment and crucially reduces our carbon footprint, and makes financial savings.

### Our approach

Operational resource management – including energy, water and waste – is coordinated globally with a common process and strategy wherever in the world we operate. Best practice is shared among manufacturing sites through our Green Spirit program.

Action plans include energy management, technological investments and employee awareness raising and behavioral change. Every facility reports energy and water consumption data on a monthly basis, and this data is aggregated on a regional and global level against monthly performance indicators. We have both relative and absolute targets for energy consumption.

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

In addition, our renewable energy target is tracked on an annual basis and reviewed on a Group level. We are raising our level of ambition with renewable energy sources, such as hydro, solar, wind and biomass. We also learn from existing onsite renewable installations and explore new projects around the world.

Our Zero Landfill program has the objective to reduce the amount of waste sent to landfill or incinerated without energy recovery. To achieve this, we work to reduce the waste we generate, and identify opportunities for reusing waste materials.

### Challenges

- Following a decade of prioritized investments with good payback periods, it is becoming increasingly challenging to realize new savings with acceptable payback periods

# Progress on our promise

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

The roadmap to 2020	Next steps
Improve the energy efficiency of manufacturing sites and warehouses by 20% by 2020 (baseline 2015), engaging all facilities worldwide.	● Develop annual energy efficiency action plan, set targets as well as engaging employees
Reduce water consumption in manufacturing by 5% every year in areas of water stress, until the site has reached optimal levels of efficiency	● Review the water actions, and develop a best practice list of projects around the world
Attain energy management certification for our operations around the world.	● Attain global certification for energy management according to ISO 50001 by 2018.
Increase our proportion of renewable energy	● By the end of 2017, 17 plants in Europe and North America had switched to renewable electricity. Evaluate and set a plan for other regions.
Implement a Zero Landfill program at all manufacturing sites by 2020. (On track)	● Expand current pilot program from 5 to 10 factories in total.

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

## How we measure progress

1. Energy efficiency (energy used per unit produced).
2. Water efficiency (water used per unit produced).
3. Proportion of manufacturing sites with a certified energy management system.
4. Proportion of renewable energy.

5. Number of factories where the Zero Landfill program is implemented.

### Energy

Efficiency improvements in recent years, together with a shift to renewable electricity, has reduced energy consumed at our manufacturing sites per product by around 40% and absolute CO<sub>2</sub> emissions by 59% compared with 2005, which equates to an annual financial saving of over SEK 450m. Over this period, the Group's revenue has increased, which illustrates that Electrolux has decoupled revenue growth from CO<sub>2</sub> emissions.

Following the successful implementation of hundreds of energy efficiency projects around the world in recent years, new projects have increasingly longer payback periods. In addition, as the amount of energy used to produce a product also decreases, other factors we cannot influence, such as extreme outdoor temperatures and the production volume mix increasingly affects our energy performance.

In 2017, our progress with energy efficiency was relatively flat – mainly due to external factors such as weather and changes in production mix compared with 2016. During the year, we continued to focus on improving our climate footprint, and we reduced our CO<sub>2</sub> emissions per unit by more than 15% compared with 2016.

Electrolux has again been identified as a global leader in responding to climate change by CDP (formerly the Carbon Disclosure Project). The CDP Climate A list includes an exclusive group of companies, with only 5% of corporate global leaders making the list in 2017.

This year, we have focused on investments to further improve our energy and climate footprint. For example, we have started a project to install almost 2,800 solar panels at our Juarez factory in Mexico, which are estimated to annually generate around 1,500 MWh of electricity and avoid over 700 tCO<sub>2</sub>e. We also formulated an investment strategy for energy efficient equipment and optimization of our IT solutions.

### Water

We made good progress on water efficiency during the year as we renewed our focus – particularly on factories in water scarce regions. The water targets are based on the WWF tool, the Water Risk Filter, which helps us to identify which of our factories are located in water scarce areas. Decisions around our water targets are based on the tool, and the factories are divided into two groups – Water Risk and Water Management factories.

In 2017, we responded to the CDP Water program for the first time and were rated A-.

## Energy management systems

The ISO 50001 energy management system has been implemented at 8 (3) Electrolux sites to date, and several more are in the process of certification. These include sites in Thailand, Hungary, Italy, Germany, Romania and Poland.

## Renewable energy

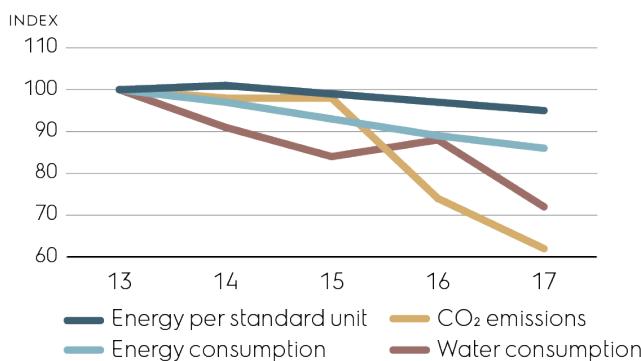
In 2017, 17 Electrolux manufacturing sites and offices in Europe and North America procured 100% of their electricity from renewable sources, which contributed toward our 50% renewable energy target by 2020. By end of 2017, 22% of the energy purchased origins from

renewable energy sources. The shift to renewable electricity has contributed toward a reduction in our CO<sub>2</sub> emissions per unit by 35% since 2015, together with energy efficiency.

## Zero Landfill program

The Zero Landfill program has developed and was further expanded in 2017. Five factories were chosen to pilot the Zero Landfill program in 2017 – Siewierz (Poland), Solaro (Italy), Kinston (US), Sao Carlos (Brazil) and Adelaide (Australia). The program focuses on the re-use of materials and waste reduction by identifying waste generation points and opportunities for material re-use.

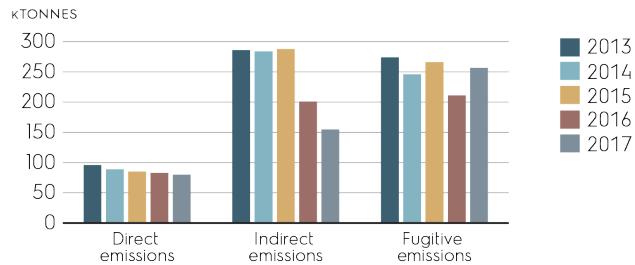
## Operational Resource Efficiency



The Group's total energy consumption, CO<sub>2</sub> emissions and water consumption. Energy per standard unit from factories producing Major Appliances.

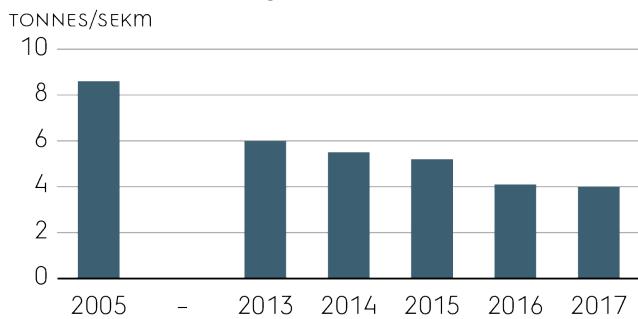
## G4-EN15 Total direct and indirect greenhouse gas emissions by weight

## G4-EN16 Indirect greenhouse gas emissions by weight



Please, see [About this report](#) for definitions on emission factors.

## G4-EN18 Greenhouse gas (GHG) emissions intensity



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

Since 2005, our performance has resulted in decoupling revenue growth from CO<sub>2</sub> emissions. We have achieved a savings of 340,000 tonnes of CO<sub>2</sub> equivalent in operations between 2005 and 2017, while the Group's revenue has increased by 21%..



## Ensure the best health and safety

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

### Our promise

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

### The roadmap to 2020

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

### The case for action

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

### Our approach

Health and safety has long been a fundamental part of our values and our sustainability agenda, with clear targets and processes in place to ensure real progress.

All employees and contractors in production are covered by a reporting system to track incidents and hours worked, and our ambition is to apply the same OHS management system throughout the Group and among contractors. All manufacturing sites have Central Safety Committees that include managers, workers and worker representatives. All employees receive safety training at their induction and annual training tailored to their function.

Our manufacturing site safety audits involve three activities: a behavioral audit, carried out by line managers on a monthly basis; a safety audit carried out by OHS engineers; and a Safety Management System Audit by Regional or Global Safety Leaders.

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

An annual Global Safety Day raises awareness among employees and demonstrates the management commitment to safety.

All activities are managed using the lean tools defined by our Electrolux Manufacturing System, which assures a continuation of cultural transformation while focusing on operational excellence.

### Challenges

- The most significant health and safety risks occur in warehouses, where many employees are contractors
- The severity of the injuries can be a challenge

# Progress on our promise

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

## The roadmap to 2020

	Next steps
Continue to reduce our global injury rate (TCIR) by at least 5% every year.	● Ongoing work with health and safety.
Attain safety certification for our operations across the world.	● To be aligned with the launch of new ISO 45001 standard.
Integrate the Group's safety program into new acquisitions within three years of purchase.	● An ongoing process.
● On track	
● Additional effort is required	
● Off track	
○ Work has not yet begun	

## How we measure progress

1. Global injury rate (TCIR)
2. Lost days due to injury (LCIR)
3. First Aid activities conducted by our nurses (FAIR)

### Our safety performance

Since 2013, our injury rate has declined by 43% across the Group.

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

## The challenges

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

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

	2017	2016	2015	2014	2013
Injury rate <sup>1</sup>	0.58	0.7	0.9	0.9	1
Number of workdays lost due to occupational injuries	2,707	3,814	4,729	3,088	5,677
Lost day rate <sup>1</sup>	6	9	11	7	13
Number of work-related fatalities	0	0	1	0	0

in production areas and also raises awareness of the health and wellbeing of office workers.

During 2017, the safety systems and processes within different business sectors have been aligned in a Group-wide approach: the Electrolux Safety Management System.

Our current global injury rate (TCIR) of 0.58 (0.7) compares favorably with other well-known benchmarks, as reported in publicly available sources. 82% (72) of our manufacturing sites have achieved a rate below 1.0. Even though our performance is already high, we have an ambitious target in place: to reduce our global injury rate (TCIR) by at least 5% every year.

In addition, the wellbeing of our people affects our bottom line. Our approach to safety led to an estimated annual saving of over SEK 46m in 2017 compared with 2013, based on the average financial costs associated with injuries and the number of injuries that incur lost days.

All units managed through our Global Industrial Operations have a safety program. This year they focused on:

1. Assembly Area Forklift Ban: We have completed the assembly area forklift ban in almost all production sites.
2. Segregating pedestrians from forklifts in technological areas: We are preparing fences to completely segregate people from vehicles in technological areas.
3. Lock-Out Tag Out: Global procedure has been updated and will be applied to all factories in 2018.
4. Contractors working at our sites: A global process to address contractors working at Electrolux facilities with training and risk evaluation progressed and will be completed in 2018.
5. Warehouse safety: A warehouse safety plan is being developed and will be implemented in 2018 to combat high TCIR.

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

2017	Number of work-related injuries	Injury rate <sup>1</sup>	Number of workdays lost due to occupational injuries	Lost day rate <sup>1</sup>	Number of work-related fatalities
Asia Pacific	12	0,37	11	0,34	0
EMEA	96	0,60	1,766	11,02	0
Latin America	49	0,51	674	7,01	0
North America	89	0,66	256	1,90	0
Grand Total	246	0,58	2,707	6	0

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



## Always act ethically and respect human rights

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

### Our promise

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

### The roadmap to 2020

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

### The case for action

A strong culture of ethics is vital for stakeholder trust and long-term business success. Consumers are increasingly making purchasing choices based on whether a company

is perceived as being trustworthy and how it contributes to society. Additionally, employees prefer to work for a company with values that match their own. Corruption also increases the cost of doing business globally by up to 10% on average, according to the [World Economic Forum](#).

### Our approach

Our company is built on trust, which means everything we do and all decisions we make are governed by the principles of ethics, integrity, and respect for people and our planet – no matter where in the world we work.

Our Workplace Code of Conduct, Code of Ethics, and Policy on Corruption and Bribery are the foundation for our work with ethics, anti-corruption and human rights. The Code of Conduct constitutes our human rights policy, and guides our efforts to assess, manage and mitigate the risks of non-compliance. It also helps define our expectations throughout the value chain.

Accountability for the Ethics Program and oversight of Human Rights lies with the Ethics & Human Rights Steering Group, which comprises of representatives from Group Management. Human rights procedures engage many functions throughout our organization, from Sustainability Affairs and Human Resources to Purchasing, Industrial Operations and Compliance.

### Challenges

- Bridging different countries, cultures and local practices in a global organization
- Raising the bar on diversity: Identifying and addressing barriers to greater gender diversity

# Progress on our promise

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

The roadmap to  
2020

Next steps

Develop and implement a cohesive, group-wide approach to human rights.	 Systematic follow up of actions from local assessments in Egypt and Thailand. Conduct a further two local assessments.
Provide guidance to employees on how to do the right thing by promoting the Code of Conduct and Code of Ethics.	 Maintain the global reach of the Ethics at Electrolux program.   Launch a new Group Policy framework and raise awareness among all employees and managers.
Be responsive and respectful when dealing with issues of concern, building trust in our Ethics Program among employees.	 Work to improve the degree of employee trust in the Ethics Helpline in those countries with low scores in the 2016 employee engagement survey.   Further develop our process for handling Ethics Helpline cases, through shared learning and common principles of integrity and confidentiality.
Develop and implement an effective global Anti-Corruption compliance program.	 Develop the internal compliance network to align and improve corruption prevention efforts throughout the company, including e-learning and face-to-face training. Emphasize the zero-tolerance message throughout the organization.

 On track

 Additional effort is required

 Off track

 Work has not yet begun

## How we measure progress

- Share of Electrolux employees covered by the Ethics Helpline.
- Share of women in Tier 2 and Tier 3 positions.
- Level of trust in the Ethics Helpline according to our employees.
- Level of understanding of the Code of Conduct by our employees.
- The proportion of our employees that perceive equal treatment and opportunity to be supported at Electrolux.

## Human rights

In 2017, we developed a framework for local human rights risk assessments, which was piloted 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 in [Understanding and managing our human rights risks](#).

## Ethics and anti-corruption

In 2017, approximately 1000 employees and line managers took part in our Code of Conduct e-learning training, corresponding to approximately 500 hours of training in total. Additionally, Electrolux has launched Group-wide e-learning courses on anti-corruption as well as a US local e-learning program. These initiatives complement the tailored training that certain functions such as sales, procurement and senior management receive (which are more exposed to corruption risks). Such face-to-face training sessions have been conducted locally throughout the organization by either in-house legal counsel or by external experts. Training requirements are continuously monitored and evaluated based on business needs, and the legal and risk context

In the second half of 2017, a project to update our Group Policies began. The objective is to make our commitments and expectations clearer to all employees and other key stakeholders. In 2018, this project will deliver updated policies, and programs to educate all employees and managers.

Through the Ethics at Electrolux program, we encourage employees to report incidents to their manager, HR department or another relevant person in the organization. They can use our whistle-blowing system, the Ethics Helpline (Alertline in North America), where incidents can be reported in local languages. By the end of 2017, 99% of our employees had access to the whistle-blowing system.

In 2017, 186 (151) cases were reported through the whistle-blowing system. 118 (73) reports led to investigation, and 68 (78) cases were considered beyond the scope of the Helpline or lacking sufficient detail to enable investigation. The highest number of reports related to discrimination and harassment, such as the use of abusive language or disrespectful behavior. Typically, these cases resulted in warnings and retraining, but in some severe cases to dismissal. A proportion of the cases fell into the category 'Other' including practices related to compensation and promotion, as well as inappropriate behavior in the workplace. In 2017, 17 (four in 2016) people were dismissed from the company as a consequence of investigations into Helpline cases.

In 2017, we worked to build greater awareness and trust around ethics and the Helpline, with the objective to achieve a 74% level of trust in the Helpline in the next employee engagement survey planned for March 2018.

Sexual harassment and procedures for handling misconduct have been on the agenda of the Group Management meeting during the year, and plans including reinforced guidance and education for managers and HR were agreed. These activities were initiated in January 2017.

## Diversity and non-discrimination

At Electrolux, we want to ensure that all employees are treated according to their abilities and qualifications in any employment decision. We have a particular focus on gender diversity, and aim to continuously improve the number of female leaders at all levels, and seek female applicants for every position as part of the recruitment process. Our overall gender split is 36% women and 64% men.

At the end of 2017, 28% (25) of Tier 2 managers and 32% (27) of Tier 3 managers were women - a great step forward and indication that we are on the right path. Following an increased focus on gender diversity by Group Management, we raised our goal to 35% women for Tier 2 and Tier 3 managers by 2020.

During 2017, several initiatives and networks were established to promote diversity and inclusion. The vision is to contribute to the company's business success by drawing on the full power of gender diversity, and the ambition is to build a network throughout the company.

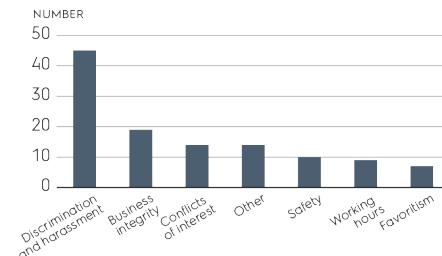
Our partnership with AIESEC, an international platform for young people to explore and develop their leadership potential, allows us to tap into a diverse talent pool by offering internships throughout our Global operations. At the year-end, Electrolux had 80 interns from 34 different countries. 55% were women, and the total global retention rate for interns was 68%. We will continue to raise awareness of our sustainability priorities and ambitions and focus on finding talent within the areas of Science,

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

Data included of the following:

- Helpline statistics (bar chart over the different categories of reports)
- EES results Trust in Helpline
- EES results Understanding CoC
- EES results Support of Equal treatment & opportunities

## Helpline cases



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

## Key findings of the 2016 Employee Engagement Survey

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

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



## Solutions for healthy and sustainable living for more people

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

### Our promise

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

### The case for action

A refrigerator is one of the first things people buy when they enter into the middle class. Appliances provide solutions to the most fundamental needs for household such as fresh food and water. From a social perspective, they free up time allowing people, often women, to have a job or for children to go to school.

As the global middle class will almost double by 2030 this means that the demand for energy, water and resources will continue to increase.

To minimize the use of energy and water in homes, efficient appliances can play a key role. As a leading global appliance company, we have the opportunity to provide efficient and affordable solutions for the growing middle class around the world.

### Our approach

We develop efficient solutions and appliances to help people around the world gain access to efficient appliances. The success of this promise lies in delivering appliances that appeal to and meet the needs of consumers with limited income, and in the right market conditions that emphasize the value of efficiency.

Electrolux engages in the United for Efficiency (U4E) partnership, led by the United Nations Environment Program, to promote the use of efficient appliances in emerging markets through energy labelling, incentive programs and end-of life treatment of redundant appliances.

### Challenges

- Alignment of Electrolux's global platforms across relevant markets in order to provide a Group-wide focus for this promise

## Progress on our promise

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

### How we measure progress

- This long-term promise involves the ongoing development of our global product platforms
- Electrolux continues the partnerships with the U4E program

#### Global technology platform

Global technology platform with a high degree of modularization enables us to deliver affordable products with good environmental performance.

South-East Asia, Latin America and the Middle East are important markets where Electrolux is developing solutions for the growing middle class.

In the 2016 brand survey in Brazil, Electrolux came out as the overall leading brand in the mass market. Consumers

want manufacturers to prioritize recycling schemes, water efficiency and minimizing use of harmful materials. As the Electrolux brand is strongly associated with environmental issues and energy efficiency, it helps to drive sales of our appliances.

#### Partnerships

Electrolux plays an active role in United for Efficiency (U4E), a UNEP-led project to develop recommendations on how emerging markets can 'leapfrog' to greater energy efficiency. The program aims to advise governments on areas such as energy labeling, incentive programs, and the disposal of redundant refrigerators.

Electrolux works actively with stakeholders to address areas outside its direct influence to support efforts to limit the global temperature increase to below 2°C above pre-industrial levels.

In 2017, United for Efficiency project meetings have engaged decision makers from emerging markets, NGOs and the UNEP. Electrolux also participated in COP23 UN Climate Change Conference in Bonn as part of the project.



## Be a force for good

As a world-leader in kitchen appliances, our community investment activities focus on food – in cooperation with employees and local stakeholders.

### Our promise

Electrolux will inspire better food consumption among consumers and professionals, and shape living for the better for people in need in our local communities.

### The roadmap to 2020

- Establish and implement a Group approach to community support
- Together with our global and local partners, explore possible project models, and replicate and scale up good projects, with the aim of maximizing societal impact

### The case for action

Feeding the world's growing population sustainably is one of the greatest challenges of our time. 1.3 billion tonnes of food is wasted every year<sup>1</sup>, 795 million people are undernourished<sup>2</sup>, around 200 million are unemployed<sup>3</sup>, and 22% of the world's greenhouse gas emissions are caused by the food sector<sup>4</sup>.

As a world-leader in kitchen appliances, we believe Electrolux has both a responsibility and an opportunity to positively contribute to issues related to cooking and food

consumption. For this reason, we focus our community support activities on the area of food.

### Our approach

Electrolux's approach to community support encourages local business units to set up projects together with employees and key partners, such as Worldchefs and AIESEC. Worldchefs organizes over 10 million chefs worldwide, and AIESEC is a global network of young leaders focusing on global issues and leadership development. Our approach strengthens our corporate culture and employee pride in working for a socially responsible employer - while promoting real impact in communities.

Action is facilitated through our Electrolux Food Foundation and our global partnership Feed the Planet.

The Electrolux Food Foundation supports and funds local and global Electrolux projects that tackle food related challenges. A Board of Directors reviews applications from the local project teams and decides on funding.

The Feed the Planet partnership, together with Worldchefs and AIESEC, supports projects with expertise, skills and resources. Local Electrolux project teams plan and implement the project together with local Worldchefs and AIESEC members.

Both initiatives aim to:

- Inspire better food consumption and cooking habits among consumers and professionals, by maximizing sustainable and healthy choices while reducing negative impacts
- Support people in need - by offering education for employment, help putting better, more nutritious food on the table, advising on cooking on a tight budget, and supporting emergency relief efforts

The Foundation and the Feed the Planet partnership support local projects that involve one or both of the following:

- Consumer education and awareness campaigns, to help people make more sustainable and/or healthy food choices, reduce waste and minimize the environmental impact from food consumption
- Culinary education for employment, to help people in need get a job and thereby put food on the table for themselves and their families

## Challenges

- Ensuring all projects keep local community benefits in focus
- Ensuring the needs and expectations of all three partnering organizations are met – Worldchefs, AIESEC and Electrolux

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

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

<sup>3</sup> [http://www.un.org/sustainabledevelopment/wp-content/uploads/2015/08/Factsheet\\_Summit.pdf](http://www.un.org/sustainabledevelopment/wp-content/uploads/2015/08/Factsheet_Summit.pdf) - SDG Goal 8

<sup>4</sup> <http://www.fao.org/docrep/014/i2456e/i2456e00.pdf>

## Progress on our promise

Electrolux will inspire better food consumption among consumers and professionals, and shape living for the better for people in need in our local communities.

### The roadmap to 2020

Establish and implement a Group approach to community support.

Together with our global and local partners, explore possible project models, and replicate and scale up good projects, with the aim of maximizing societal impact

### Next steps

● This has been achieved. But we will continue to implement and develop our approach.

● Assess, replicate and scale-up the first wave of projects with the aim to build on existing pilots and expanding into new locations.

● On track

● Additional effort is required

● Off track

○ Work has not yet begun

## How we measure progress

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

During 2017, the following ten projects were supported by funds and resources through the Electrolux Food Foundation and the Feed the Planet partnership:

Project	Description	Key achievements in 2017
Food Mission, Sweden	Electrolux supports the Stockholm City Mission with a 'social restaurant' that uses surplus food, and professionally trains the long-term unemployed and recent immigrants.	Refurbishment of the social restaurant and installation of donated Electrolux Professional appliances. The restaurant opened in October 2017. 5 people enrolled in the labor integration program in the restaurant 20+ recipes developed based on surplus food. AIESEC volunteers created a documentary about food waste in Stockholm.
Better Food, Brazil	Training for underprivileged people (mostly single mothers) in a purpose-built kitchen at the Electrolux facility in Curitiba, to enable them to get a job in a professional kitchen.	Building the educational kitchen at the Electrolux facility. 20 students enrolled for the ten-week program, with a curriculum developed by Worldchefs. 18 students graduated from the training in November 2017, and by January 2018, four of the graduates had been employed. Established a partnership with the Sodexo Stop Hunger Institute that supplies food for the course.
#SeasonYourEx, Singapore	This year's food waste campaign encourages people to share what they do with expired or leftover food – with Electrolux funding the Food Bank Singapore's van.	310,000 social media impressions and 3,800 number of shares/likes/comments in 2017. Chef Eric Low created 10 recipes that use some of the common leftover items in households.  20,000 SGD donated to the Food Bank. Information on food label misconceptions and suggestions for smarter grocery shopping are available on <a href="http://www.happyplate.sg">www.happyplate.sg</a> .
My Happy Plate, Malaysia	Raising awareness among younger consumers about using leftover food, and providing food bundles for underprivileged families from public donations.	1,100 food bundles donated in 2017. Digital cookbook #CookForABetterFuture compiled and to be released early 2018.  One million social media impressions and 9,000 shares/likes/comments.
OzHarvest, Australia	Electrolux, in three-year partnership with OzHarvest, targets food that would otherwise be wasted to help feed people in need across the country.	All Electrolux sites in Australia were part of a food drive to raise donations (food and money) for Christmas. 15,000 meals, 200 kg of food, 300 000 AUD donated. Four Cooking for a Cause events and a Food Truck community event in Electrolux Australia.
Taste and Share, Poland	Together with Worldchefs and a local food-sharing NGO, Electrolux is raising awareness about bad food consumption habits and encouraging food-sharing.	Held workshops for 1,500 participants, including Electrolux employees. Opened a food-sharing point in the Electrolux Kraków office with 700 employees. Launched a mobile food-sharing app and website (Taste&Share), resulting in 780 downloads in 2017.
Cares Week, North America	Electrolux Cares Week is a week of employee volunteering and giving back to our communities – particularly around tackling hunger.	More than 8,400 employees participated USD 25,000 donated to organizations with a mission centered around hunger, more than 35,000 meals provided to individuals and families in need, and 11,000 non-perishable food items were collected and donated.
Emergency Relief Program, Peru	Electrolux employees teamed up with the Peruvian Association of Chefs, Cooks and Allies, and World Chefs Without Borders to provide food to victims of flooding in 2017.	1,000 meals were served in Huarmey and 1,000 in Paita in June. Electrolux donated kitchen equipment to five popular restaurants in Huarmey that had lost their kitchens due to flooding.
High-Capacity Mobile Emergency Relief Kitchen	A high-capacity mobile kitchen equipped with professional kitchen appliances, for use in emergency situations such as natural disasters and refugee crises.	World Chefs Without Borders and Electrolux collaborated to finalize the design of the kitchen. Emergency recipes developed by World Chefs Without Borders.  Development of the concept and reaching out to potential partners.
Global Sustainability Curriculum	Raises awareness of food and energy waste in the professional kitchen and food supply chain among professionals, together with Worldchefs.	In 2017, the curriculum has been used in South Africa, Costa Rica, Ireland, the United Arab Emirates, the UK, Dominican Republic, Puerto Rico, Canada, Italy and India. 225 students took part in this training in Costa Rica, Canada and South Africa.



## Improve sustainability in the supply chain

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

### Our promise

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

### The roadmap to 2020

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

### The case for action

We have a duty to drive improvements in our supply chain, particularly as more of our business is conducted in emerging markets. Our experience shows that enhanced sustainability performance, particularly in health and safety and energy use, improves the bottom line. We pass on this knowledge by working together with our suppliers to strengthen relationships, and ultimately create mutual benefit.

Logistics is also a key area in our supply chain as Electrolux emits more CO<sub>2</sub> in distributing its goods than is emitted through the energy consumed in Group operations. Around 315,000 tonnes are emitted through the global transportation of goods via sea, air and land.

### Our approach

#### Sourcing

Our over 3,000 direct suppliers are required to live up to our Code of Conduct and Workplace Standard. Our Responsible Sourcing Program provides both online and face-to-face training for suppliers in every region to support suppliers' own development, and supplement supply chain auditing and performance monitoring. Our direct suppliers are responsible for communicating The Group's standards to Tier 2 suppliers and beyond, where we have limited influence.

Non-compliances are addressed through mandatory corrective actions, as well as beyond compliance support activities such as training and capacity building. Serious non-compliances are reported to the top management in each region.

We also work to reduce carbon emissions throughout our value chain, by promoting our internal approach to monitoring and reducing energy consumption among key suppliers.

We engage with suppliers that source from countries affected by conflict. Our approach is based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and is embedded in our policies and activities.

#### Logistics

We use our purchasing power to influence the logistics industry by developing more sustainable transport solutions together with our logistics partners. We also set environmental requirements in the tender process, and all shipping companies must be members of the BSR Clean Cargo initiative.

### Challenges

- Ensuring high sustainability performance throughout our value chain beyond direct suppliers remains a challenge

## Progress on our promise

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

### The roadmap to 2020

	Next steps
Monitor and secure minimum performance at our direct suppliers of components, finished goods, licensed products and services. Engage selectively further up the supply chain and promote responsibility among all suppliers toward their own supply chain.	● Increase coverage of our supply base by differentiating and developing new methods of engagement and monitoring.
Screen prospective suppliers to ensure they can live up to the Group's expectations.	● Implement standards for supplier minimum pace of improvement as well as the associated sanctions.
Increase awareness and capabilities among our prospective and existing suppliers through training and dialogue.	● Develop next generation e-learning with special focus on areas with a high number of findings.
Drive the improvement of supplier ecological footprints.	● Implement and deploy self-assessment and improvement tools for our main suppliers.
Leverage our influence over logistics companies to improve the CO <sub>2</sub> efficiency of our transportation by 15% by 2020.	● Continue the implementation of an environmental scorecard in the tendering process for dedicated transport services in 2018.  Set up supplier meetings to share/ discuss best practice and action plans.
	Proactively contribute to the BSR Clean Cargo initiative, which aims to improve the environmental performance of marine container transport

● On track

● Additional effort is required

● Off track

○ Work has not yet begun

### How we measure progress

1. Proportion of critical suppliers audited in the last 12 months.
2. Proportion of critical suppliers with an audit rating of 'approved', i.e. no serious findings.
3. Proportion of critical suppliers participating in training in the last 12 months.
4. Transport emission intensity, CO<sub>2</sub> emissions / m<sup>3</sup>km

### Responsible sourcing and auditing

With our 2020 Sustainability targets in mind, we renewed our Global Purchasing strategy in 2016 to place additional focus on supply chain sustainability. Just under 700 of our suppliers were considered 'critical' and were the focus of our Responsible Sourcing Program in 2017. These include suppliers located in regions, or using production

processes, that pose higher risks for environmental, labor and human rights violations or corrupt practices.

During 2017, the program was fully deployed in Southeast Asia with extensive auditing and training activities primarily in Thailand. The Responsible Sourcing program was also implemented in North America.

In total, 387 (471) supplier audits were performed, including 351 (396) by internal auditors and 36 (75) by third-party assurers. This year, 50% (60) of our critical suppliers were audited. As part of our audits, we also verify that our expectations are communicated to Tier 2 suppliers.

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

A total of 45 (44) zero-tolerance findings were uncovered in 2017. The most common zero-tolerance findings were related to inconsistent working hour records and legal violations. These two types of findings represent 33% and 25% of the severe findings respectively. There were 3 cases of forced labor in Mexico involving mandatory overtime and restriction of movement related to this. Eight cases involving discrimination were found, including seven findings of pregnancy-testing in China and Thailand. In all instances, management practices at the respective supplier were amended. All zero-tolerance cases are reported to senior Purchasing management, who also monitors remediation actions or ultimately makes the decision to phase out the supplier. There were no cases involving under-age labor during 2017, and the number of less severe findings related to the management of young workers decreased but is still an area of concern.

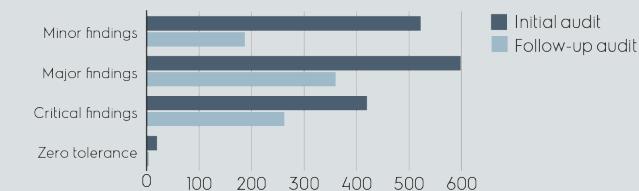
There are large regional differences in audited suppliers' status. In selected markets our share of disqualified suppliers is still high, some due to societal issues, such as in Egypt, and some due to the program being recently launched, such as in South East Asia. See distribution of findings per region table below.

We also monitored the environmental performance of suppliers – covering 80% of our Original Equipment Manufacturer spend. In 2017, this work included organizing an energy summit for key supplier partners in Shenzhen, China.

During the year, we have expanded our Code of Conduct e-learning program with an additional language version and encouraged suppliers to train more of their staff. The program reached over 499 (100) key decision makers at over 250 (98) of our suppliers. Additionally, we have provided classroom training for 152 (117) supplier representatives from 59 (91) suppliers. Our purchasers are also trained on the Code of Conduct, with 154 (79) trained in 2017.

A new approach to training is being tested in China, together with suppliers and with the help of an external e-learning company. To support and facilitate supplier improvement, tablet-based training is made available to a large number of workers and supervisors on topics such as H&S, fire safety and workplace dialogue. During 2017, three supplier pilots were launched and so far over 900 workers and mid managers have passed through the training program, which will be further expanded and evaluated during 2018.

## Responsible sourcing audit findings reduction



We track country of origin for specific critical minerals throughout our supply chain. In 2017, we have also joined the Responsible Mineral Initiative, allowing us to influence beyond tier-one suppliers, and map supplier compliance in line with the related OECD due diligence guidance. This work highlights that we want to work proactively with conflict minerals by going beyond compliance, minimizing supply chain risk and helping us to improve our supply chain. See table Responsible sourcing audit findings reduction.

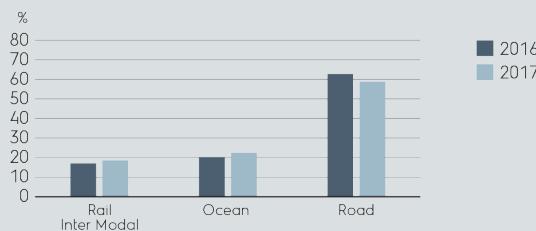
### Logistics

Over five years, our efforts have resulted in an improvement of CO<sub>2</sub> efficiency of almost 35% in our sea transportation. In 2017, we have also improved our CO<sub>2</sub> efficiency for land transportation by more than 3.5% compared to 2016. Our goal is to improve CO<sub>2</sub> efficiency across all modes of transport by 15% in 2020 compared with 2015.

We launched a dashboard to make it easier to track our transportation CO<sub>2</sub> emissions and make optimal transport decisions. The dashboard can be used to identify where the CO<sub>2</sub> impacts arise and can compare the benefits of using rail and intermodal (when more than one mode of transport is used) transport.

We are rolling out a Group-wide system for gathering and tracking transport data throughout our markets and evaluating the environmental performance of road freight carriers.

## G4-EN30 Mode of transport



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

## Distribution of findings in each region (%)

Chapter	Asia Pacific including SE Asia	Latin and North America	Europe, Middle East and Africa	TOTAL
1. General requirements	2	7	8	4
2. Laws and regulations	1	2	3	1
3. Suppliers and subcontractors	2	4	2	2
4. Corruption, bribery and business ethics	1	2	0	1
5. Child labor	1	0	0	1
6. Forced labor	1	0	0	1
7. Security arrangements	2	0	0	1
<b>8. Worker H&amp;S</b>	<b>42</b>	<b>38</b>	<b>54</b>	<b>42</b>
9. Non-discrimination	1	0	0	1
10. Harassment and abuse	0	1	0	0
11. Disciplinary actions and grievances	1	0	1	1
<b>12. Working hours</b>	<b>15</b>	<b>7</b>	<b>7</b>	<b>12</b>
13. Compensation and employment conditions	11	10	9	11
14. Freedom of Association and collective bargaining	0	0	0	0
<b>15. Environmental governance and procedures</b>	<b>19</b>	<b>24</b>	<b>15</b>	<b>20</b>
16. Monitoring and compliances	1	5	1	2
Number of audits included in sample:	231	87	69	387

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

# Our climate targets

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

## Our target

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

## The roadmap to 2020

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

## The case for action

Tackling climate change by reducing greenhouse gas emissions is one of the greatest, most urgent challenges facing society.

## Progress on our promise

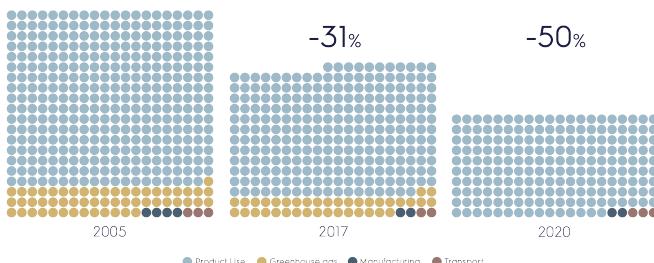
Halve the Group's climate impact by 2020, preventing the release of 25 million tonnes of carbon dioxide (CO<sub>2</sub>) over 15 years.

### Roadmap 2020

Read more about our progress in our relevant Promises

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

### Climate targets 2020



## Our approach

We are reducing CO<sub>2</sub> emissions from our own manufacturing facilities, product transport, and the energy consumed during their use. We know there will be challenges to achieving this ambitious goal – but we are prepared to invest, innovate and influence the marketplace to overcome them.

As product energy use is responsible for over 80% of our climate impact, product efficiency is where we can make our greatest contribution to tackling climate change.

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

### Electrolux Science Based Target

By the end of 2017, we had cut our CO<sub>2</sub> emissions by 31% compared to 2005 – toward our 50% target by 2020. During the year, we submitted a new science-based climate target to the Science Based Target initiative for approval. The target will contribute to long-term and structured action on climate change that goes beyond our current 2020 objective.

The Science Based Target initiative is a global initiative headed by CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and the World Wildlife Foundation (WWF). The initiative enables companies to set climate targets consistent with the level of decarbonization required to limit global warming to less than 2°C, compared with pre-industrial temperatures.

The Group's science based target includes a 2025 target. Both our own operations and the emissions that occur during the use phase of our products are covered by the target.

# Impacts throughout our value chain

A value chain perspective on sustainability helps us identify how we can best manage our impacts and create maximal value.

This approach makes it easier to identify opportunities, minimize or enhance impacts, and understand boundaries. It also helps us understand how our actions and impacts are interrelated.

The following section illustrates our degree of influence along our value chain, identifies key impacts and how we manage them, and provides examples of the value we create.

## Product development

- High ability to influence

Close collaboration between Design, Marketing and R&D enables new products to offer best-in-class consumer experiences. The expenditure for research and development in 2017, including capitalization of SEK 355m (274), amounted to SEK 3,621m (3,372) corresponding to 3.0% (3.0) of net sales.



### Risks

- Not meeting regulatory or market requirements
- Not meeting consumer expectations

## How we manage our impacts

- Continuously improve product efficiency
- Increase use of recycled materials
- Eliminate harmful materials
- Integrate future requirements into product development plans

## Generating value

Products with leading environmental performance deliver customer value in line with the business strategy, while reducing negative environmental impacts.

## Suppliers

- Medium ability to influence

Electrolux has over 3,000 direct suppliers, many in emerging markets, that must abide by our sustainability requirements. We focus on safeguarding Electrolux standards, and developing supplier capacity to improve sustainability performance. This requires careful assessment and supplier selection.



### Risks

- Be connected to social, ethical and human rights violations
- Severe weather conditions caused by climate change could negatively affect supply
- Business interruptions due to unethical business practices in the supply chain

## How we manage our impacts

- Apply a risk-based approach to identify suppliers in scope
- Climate impact assessments of key suppliers
- Conduct auditing to safeguard standards
- Hold training and drive improvement programs

## Generating value

Rewarding suppliers that comply with our requirements stimulates technical improvements and innovation. Promoting universal norms supports human rights and raises environmental, labor and economic standards – particularly in low-cost countries. This also builds trust and reduces business risk.

## Electrolux operations

- High ability to influence

Electrolux has manufacturing operations in 53 factories in 19 countries and approximately 56,000 employees. The main focus areas are: reduce the environmental footprint, maintain high ethical standards and working conditions, as well as have a positive impact in local communities.



### Risks

- Disruptions due to emissions and discharges as a result of incidents
- Disruptions caused by severe weather as a result of climate change
- Impact due to social, ethical and human rights violations
- Corruption related to weak governance

### How we manage our impacts

- Environmental management systems and efficiency programs
- Ensure the best conditions for health and safety
- Governance systems and training to enforce sustainability policies
- Climate impact assessments of operations
- Support local community programs

### Generating value

We benefit society by providing jobs, knowledge transfer and economic opportunities. Positive employee relationships promote competence development, employee wellbeing and job satisfaction. Value is created for Electrolux by retaining talented employees and avoiding financial costs related to accidents.

## Transport

- Medium ability to influence

Electrolux emits more CO<sub>2</sub> transporting its goods than through its total energy use in Group operations. Approximately 315,000 tonnes are emitted through the distribution of our goods by sea, land and air in Europe, North America and Brazil.



### Risks

- Emissions from transportation
- Labor conditions in logistics companies

### How we manage our impacts

- Collaborative solutions to mitigate logistics-related impacts
- Promoting more efficient modes of transport

### Generating value

Reducing transport-related emissions and our climate impact. We support the trend toward more sustainable transport and encourage our logistics suppliers to further reduce their impacts.

## Sales

- Low ability to influence

Electrolux annually sells more than 60 million products in over 150 countries, primarily through retailers. Energy and performance labeling, and retailer sustainability campaigns allow us to raise consumer efficiency awareness.



### Risks

- Failure to effectively inform consumers
- Not meeting consumer expectations on product efficiency
- Limited opportunity to influence decision-making at the point-of-purchase
- Corruption

### How we manage our impacts

- Continuously improve product performance and efficiency
- Improve pre- and point-of-purchase communication
- Third party endorsement of products, e.g. best-in-test
- Communicating on themes such as food storage, reducing food waste, caring for clothes and textiles

## Generating value

Promoting transparency and our sustainable product offering contributes to retailer sustainability goals, strengthens brands and builds customer loyalty. As sales of our Green range demonstrate, an efficient product offering is a profitable strategy.

## Consumer use

- Low ability to influence

As the main environmental impacts of our products occur during their use, product efficiency is a top priority.



### Risks

- Not meeting expectations on product performance
- Consumers not using products in an optimal way
- Product safety
- Data privacy for users of connected products

### How we manage our impacts

- Continuously improve product performance and efficiency
- Prepare for increased data privacy regulation
- Product safety governance and procedures
- Increased development and sales of connected products

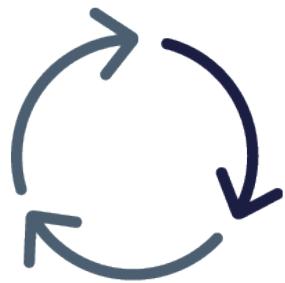
## Generating value

Appliances deliver social benefits that many take for granted – such as food conservation, hygiene standards, freeing up time from household chores, and facilitating equal opportunities – which are particularly important in emerging markets. Providing efficient products, raising consumer awareness and increasing appliance connectivity can help counter rising global CO<sub>2</sub> emissions due to increasing consumption, while reducing costs.

## End-of-life

- Low ability to influence

We promote proper recycling as part of our producer responsibility. In the most comprehensive producer responsibility legislation, 80% of the materials (by total volume) from collected large appliances must be recovered (70% for small appliances).



### Risks

- Expectations on producers to take responsibility beyond legislation
- Waste of resources due to a lack of recycling
- Illegal trade of discarded products and recycled materials

## How we manage our impacts

- Establishing circular business models for recycled materials
- Eliminating harmful materials to enable higher quality recycled materials and decrease environmental impact
- Promoting proper recycling as part of producer responsibility

## Generating value

Building resource efficient and closed-loop systems help reduce environment impact and overall resource consumption. Innovative designs that allow material reuse saves money and energy, and increases consumer trust in our brand.

# Materiality process

We continuously track our material issues - our most significant economic, environmental and social impacts - to ensure we are addressing the most important topics.

Our materiality process helps us to identify and understand the topics that influence stakeholder perceptions of Electrolux, and those that present risks or opportunities for our business. Materiality also enables us to evaluate our ability to create and sustain value.

We maintain an up-to-date understanding of the prevailing business context for Electrolux through insights from global trends and drivers, market intelligence, product research, internal and external dialogue, expert opinion and consumer surveys. We also ensure our business is aligned with the needs and expectations of our most important stakeholders - our consumers, employees and shareholders around the world.

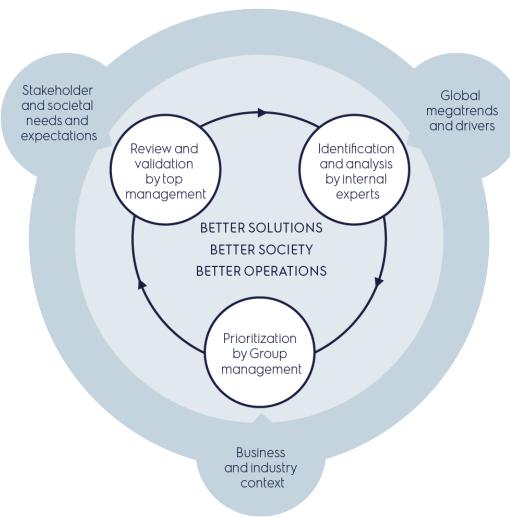
## Materiality & For the Better

Between 2014 and 2015, we identified our most material topics through engagement and dialog with group management and key stakeholders. The topics were selected based on relevant megatrends and GRI aspects for Electrolux, and were confirmed by key stakeholders.

In 2016, the resulting topics were structured into the Group's sustainability framework - For the Better - which includes nine Promises and a climate target. Our Promises reflect how we can maximize our contribution to society, and are annually reviewed and refined.

# Materiality analysis

Through our materiality process and stakeholder engagement, we identify the most relevant topics to Electrolux. Our materiality analysis has resulted in our sustainability approach For the Better.



Our sustainability approach is designed to address the topics of greatest importance to Electrolux and our stakeholders. These topics are expressed as nine Promises, supported by 2020 goals and key performance indicators (KPIs). The relevance of an issue is determined by three criteria:

- The relevance of each materiality issue is determined by three criteria
- The degree of impact caused by our activities throughout the value chain
- How much the issue impacts our business strategy
- How the issue might affect stakeholder relationships with Electrolux

Our most important stakeholders are customers, consumers, shareholders and employees. Their priorities and how they reflect our sustainability approach are outlined in the '[Stakeholders inform our approach](#)' section.

The correlation between the [UN Sustainable Development Goals](#) and Electrolux sustainability framework shows that the Group's materiality analysis reflects societal priorities.

# External influences – 2018 and beyond

The world in which Electrolux operates is constantly changing. Global trends and sustainability issues create challenges for business – but also bring about enormous opportunities. Our business is also affected by new legislation and global initiatives, such as the UN Sustainable Development Goals (SDGs).

Megatrend	Description	Implications for Electrolux
Demographics	Global demographic trends – such as population growth, the growing middle class, an aging population and urbanization – are increasing the demand for home appliances, which puts more pressure on natural resources. In the next 15 years, another billion people are expected to buy their first refrigerator.	<ul style="list-style-type: none"><li>• Significant growth potential in emerging markets</li><li>• Continued need to improve the environmental performance of products</li><li>• Growing importance of the silver-haired consumer group and the increasing number of smaller households</li><li>• Potential for new business models, e.g. shared ownership</li></ul>
Climate & resources	The need to reduce greenhouse gas emissions, and adapt to a changing climate and resource limitations, will drive appliance manufacturers toward 'circular business' models that promote resource efficiency, cleaner chemistry and waste reduction.	<ul style="list-style-type: none"><li>• Continued need to improve the environmental performance of products</li><li>• Pressure to reduce water consumption in areas with water scarcity</li><li>• Competition for some metals and minerals</li><li>• Growing importance of the circular economy</li><li>• Expectations to go beyond chemical legislation</li></ul>
Technology	New technologies are scaled rapidly and globally, with purchasing decisions increasingly influenced by online information and social media. The Internet of Things (IoT) promises to connect billions of products in the near future.	<ul style="list-style-type: none"><li>• Greater consumer empowerment and awareness requires transparency and sustainable business practices</li><li>• Digitalization will drive the next wave of operational efficiency, including closer integration with suppliers</li><li>• Connectivity offers opportunities for new business models that result in better resource efficiency</li><li>• IoT enables a lifelong relationship between producers and consumers, but requires high standards of data security and privacy</li></ul>

## An evolving agenda

Although many of the sustainability issues facing Electrolux remain the same over a long period, their importance changes over time. The areas we have identified as emerging or of increased importance are described in the table below in no particular order.

Sustainability topic	Description	Our response
Climate change	The Paris climate agreement to limit global warming to well below 2oC.	Continued Sustainability Agenda and a 50% carbon reduction target. See <a href="#">our climate targets</a> .
Renewable energy	Relevance continued to increase during 2017, as leading sustainable businesses demonstrated the importance of a renewable energy strategy.	Setting target to increase renewables for our operations to 50% by 2020. See our Promise <a href="#">Achieve more with less</a> .
Food waste	Increasing in importance in recent years, driven by public and media interest. 1.3 billion tonnes of food are wasted every year.	Developing technologies for keeping food fresher, longer.  Community engagement, e.g. raising awareness of food waste through the Electrolux Food Foundation, and partnerships with Worldchefs and AIESEC – including several local projects and two global initiatives. See our Promise <a href="#">Be a force for good</a> .
Circular economy	Rapidly emerging concept globally as businesses adopt circular principles, and the EU prepares circular economy-inspired legislation.	Establishing strategic supplier partnerships to access high-quality recycled plastics.  Increasing dialogue with EU legislators on product durability-related issues. Participating in OECD environmental meetings at ministerial level in 2017, to discuss climate change and circular economy.
Human rights	Increasingly important to investors. Recent international standards and legislation, including the UN Guiding Principles on Business and Human Rights, and conflict mineral legislation in USA and EU.	We are committed to human rights in our own operations and our supply chain – including specified objectives and KPIs in our Promises <a href="#">Always act ethically &amp; respect human rights</a> and <a href="#">Improve sustainability in the supply chain</a> .
Responsible taxation	Sustained interest from socially responsible investors requesting increased transparency on tax payment approaches, and emerging global legislation.	We are transparent on taxation in our Annual Report and have a public tax policy.
Digitalization & data integrity	The Internet of Things enables a lifelong relationship between producers and consumers, but requires high standards of data security and privacy.  Digitally managed processes (e.g. production, logistics, planning) requires high data integrity and strong data validation routines.	The European General Data Protection Regulation (GDPR) that will come into force in May 2018 strengthens citizens' fundamental right to control their personal data. Electrolux runs GDPR readiness projects to ensure people's rights to privacy and integrity.
Microplastics	Increasing public concern on microplastics in oceans.	Own research and participation in joint research projects.

## New legislation

Our business is also affected by new legislation that will come into force in the coming years. Key forthcoming legislation includes:

- New EU energy labeling legislation and new energy efficiency limits for washing machines, refrigerators, freezers, dishwashers and for standby power expected from the beginning of 2020. The laws are to be sanctioned in 2018.
- In the US, new energy efficiency standards are under development
- EU circular economy legislation is under development.
- Australia and New Zealand will apply new refrigerator energy performance ratings. The new energy performance ratings will commence in 2019 and be fully implemented in 2021.
- High-impact greenhouse gases are being phased out under the Montreal Protocol. More stringent legislation is already in place in Europe and will be introduced in USA and Asia/Pacific.
- EU directive on sustainability reporting, implemented in Sweden in 2017.

# Managing sustainability risks and trends

A comprehensive analysis of non-financial risks requires cross-functional insights from Group management, business areas and local facilities.

We focus on the future to prepare for the changing business landscape and mitigate potential risks. The global trends described in the [External influences – 2018 and beyond](#) section will impact Electrolux in the coming years. Understanding and managing the non-financial risks and opportunities associated with these megatrends is an integral part of managing our business.

A number of Group functions are involved in identifying and managing non-financial risks in their area of responsibility. These risks are regularly reported to Group management and fed into our materiality process. Read more about how Electrolux manages risk in the Annual Report, Sustainability Reporting.

## Management Assurance and Special Assignments

Evaluates and improves governance, internal control and risk management processes

## Sustainability Risk Management Processes

Manages the following risk assessment processes:

- Materiality
- Responsible Sourcing
- Ethics
- Human rights
- ISO Coordination

## Group Risk Management

Benchmarks and monitors key risks in operations and key suppliers

## Other Group Staffs & Functions

Conducts risk assessments related to:  
Global Industrial Operations Product Lines  
Purchasing  
Legal  
Finance  
Communication  
HR Exec Team

## Group External Affairs Committee

Monitors regulatory development in all regions and develops common Group positions

## Human Rights risks

As we better understand how our business impacts human rights, we implement actions and procedures to mitigate them. This ongoing process has made important progress in recent years – through engagement and dialogue with internal and external stakeholders.

### Progress in 2017

We developed a human rights impact assessment methodology in 2016, aligned with the [UNGP Reporting Framework](#), which helped us identify our salient human rights risks at Group level. In 2017, the methodology was used to conduct local human rights assessments in two of our prioritized high-risk countries – Thailand and Egypt

### Salient human rights issues

The human rights assessment involved a review of Electrolux's most salient human rights issues and their likelihood and potential severity to harm people. These include six specific issues and three business processes, as listed below and in more detail in the related sections.

#### Issue

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

#### Business processes

- Supply chain management
- Acquisitions
- Market entry & partners

# Understanding and managing our human rights risks

We are on a journey to better understand the human rights risks associated with our activities, and to establish the tools and processes to manage these risks. Our goal is to minimize any risk of our operations causing harm to people.

## Our commitment

Our first step was to update our Workplace Code of Conduct in 2014, following a corporate level impact assessment of the human rights impacts throughout our value chain in 2013. The Code of Conduct constitutes our Human Rights Policy. As our most important risk areas relate to our employees, and particularly those in our manufacturing operations, our human rights commitment focuses on labor standards.

Following extensive internal and external stakeholder engagement, human rights was also identified as one of the priorities in our sustainability framework '[For the Better](#)' in 2015. Human rights are at the core of our Promise [Always act ethically and respect human rights](#). This commitment forms the basis for our effort to identify and mitigate risks for harm to people as a result of our operations, directly or indirectly.

## Organization and responsibilities

Line managers, from Group management and down, are responsible for adherence with Group policies on human rights. In 2016, we developed a human rights governance structure. We established the Ethics & Human Rights Steering Group to oversee both ethics and human rights, by extending the remit of the existing Ethics Steering Group.

The Ethics & Human Rights Steering Group is responsible for evaluating our human rights approach, including approving priorities and action plans. It consists of senior managers and Group Management members, including the General Counsel SVP, SVP Human Resources & Organizational Development, SVP Management Assurance & Special Assignments, SVP Corporate Communications, and VP Sustainability Affairs. The work of this group includes reviewing outcomes of human rights impact assessments, overseeing action to address identified risks, and deciding focus of the assessment projects going forward.

A Human Rights Coordination Group is responsible for identifying and assessing risks, and developing human rights action plans. The CEO and the Heads of the Business Areas reviewed and approved the outcomes of the group level human rights assessment during January 2017. As a result, it was determined that local assessment pilots would be conducted in Egypt and in Thailand in 2017 (see below). Two more countries are planned for 2018.

Electrolux have defined improvement areas for each salient human rights issue, with responsibilities allocated to relevant senior managers, and progress monitored by the Ethics & Human Rights Steering Group. The relevant local managers have the responsibility for implementing and closing actions to remediate the prioritized issues resulting from the local assessments in Egypt and Thailand. The Steering Group oversees the outcomes and implementation of actions from the local assessments.

## Identifying human rights risks

During 2016, we developed a methodology to identify and assess human rights impacts, which was launched at Group level. The methodology is in line with the [UN Guiding Principles on Business and Human Rights](#), and emerging practices for human rights impact assessments. The methodology considers the likelihood and potential severity to harm people. The assessment involved around 40 representatives from all sectors, regions and key functions within the Group, and was conducted using online surveys and workshops. The assessment incorporated input from employee representatives, customers, investors and NGOs.

The Group assessment resulted in a list of our salient human rights issues<sup>1</sup>, and we developed mitigating actions for these issues in 2017.

## Statement on salient human rights issues

The human rights impact assessment conducted in 2016, resulted in a list of six issues, covering seven human rights. Additionally, the assessment pointed to three business processes that involve specific risks to impact on people. The six issues and three business processes constitute Electrolux's salient human rights issues.

Additional severe potential impacts on human rights are related to health and safety in our operations and product safety. However, these are deemed to be well-managed by existing programs and thereby not included in the below.

Right	Issue(s)	Potential impact on people	Context	Status & next steps
Right to freedom of association	Industrial relations	<p>Employees not being able to impact working conditions or negotiate compensation.</p> <p>Employees discouraged from participating in union activities.</p> <p>Conflict/strike leading to loss of income and affecting living standards.</p>	<p>With a high number of employees in countries with immature labor practices, there is risk of harm to people and company operations and reputation.</p> <p>China is a high-risk country. Other high-risk areas include USA, Latin America, Southeast Asia and Middle East.</p>	<p>Freedom of association and employee-management dialog are in scope for the local assessment and action planning.</p> <p>Promote proactive leadership with local management</p>
Right to decent conditions at work	Working hours and wages	<p>People unable to provide for themselves and their families due to low wages (e.g. lack of food, education, medical services, etc.)</p>	Overtime is an issue in some areas.	Programs to address overtime issues have been launched in China and Thailand leading to improvements.
Right to adequate standards of living		<p>People suffering from a lack of free time and family life due to excessive overtime, which also increases the risk of accidents.</p>	<p>Fair living wages is increasingly in focus for customers and other stakeholders.</p> <p>Both issues are a potential reputational risk. The impact assessment identified the risk of overtime at middle management levels.</p>	<p>In 2018, a monitoring system for working hours will be launched.</p> <p>Wage levels are part of the local assessments.</p>
Equal rights and non-discrimination	Diversity and non-discrimination	<p>Discrimination in recruitment, promotion and other ways, partially due to societal structures.</p> <p>Violates the basic human right of equal treatment/ opportunities, with additional social and economic consequences.</p> <p>Individual life quality and self-esteem suffer through unequal opportunities.</p>	Some level of discrimination occurs as a result of societal structures. Greater diversity will benefit employees and Electrolux.	<p>At Group level, we have defined 2020 targets for the proportion of women in leading positions - 35% at tier 2 and tier 3. We will work to identify improvement areas, set actions and measure progress.</p>

Right	Issue(s)	Potential impact on people	Context	Status & next steps
Right to privacy	Privacy and integrity	Mismanaged personal information (e.g. employee data, consumer data, market research data). Privacy underpins human dignity. Freedom from interference or intrusion.	The issue is important due to digitalization, the Internet of Things, and access to employee and consumer data. Processes to safeguard privacy must counter increasing risks.	Awareness programs and risk review underway.
Right to life	Purchase of sexual services during business travel/representation	Exploitation as a result of employee actions during business travel causes severe harm to the victim, and contributes to a system that perpetuates such behavior.	Around a third of all purchases of sexual services occur during business travel. Electrolux needs a clear zero-tolerance policy.	The Travel policy was updated to clarify zero-tolerance for the purchase of sexual services, including visits to strip clubs. Updated Group policies will be communicated in 2018.
Right to liberty				
Equal rights and non-discrimination	Corruption or bribery	Corruption fuels inequality, diverts expenditure away from public services and holds back economic development. Bribery undermines the rule of law and the principle of fair competition. Corruption distorts the division of economic resources and hinders social and economic development.	We operate in high-risk markets such as Southeast Asia, Latin America, Middle East, Egypt and Russia, and need to constantly educate our employees and monitor risks. Risk areas include obtaining licenses/certificates, sales, purchasing, gifts and events.	Promotion of the corruption and bribery policy is ongoing through e-learning and face-to-face training. This will be further built upon during 2018 and beyond. Corruption risks were considered in the local human rights assessments.
Right to adequate standards of living				

Business process	Human rights risk	Status
Supply chain management	<p>Risk related to our supply chain – first tier suppliers and beyond</p> <p>Non-compliance with labor standards such as: health and safety, working hours, wages, forced labor and child labor, and freedom of association.</p> <p>Poor conditions for migrant workers and their families, including impact on the right to family life due to living far from children, and additional work permit fees.</p> <p>Exploitation further upstream, particularly in the extractives industry.</p>	<p>The Responsible Sourcing team is part of our Sector Sourcing Boards. Resources have been added to the responsible sourcing program in South East Asia.</p> <p>Implementation of OECD guidelines to reduce risks related to conflict minerals.</p> <p>Supply chain risks formed part of the local human rights assessments in Egypt and Thailand.</p> <p>.</p>
Acquisitions	<p>Inheriting human rights issues and sub-standard operations as part acquisitions.</p> <p>Harm to people in acquired businesses (e.g. labor conditions, health and safety, environmental impact, land rights and expropriation).</p>	A procedure has been established for the integration of human rights and corruption considerations in acquisitions.
Market entry and partners	Distributors, agents and other business partners harming people (e.g. labor conditions, health and safety, environmental impact negatively affecting people, land rights and expropriation, corruption, etc.).	Improved screening procedures for new partners is underway.

## High-risk locations

We map our operations using Verisk Maplecroft Human Rights Risk Atlas, and Transparency International's Corruption Perception Index. Historic audit results, industry risks and customer request also feeds into the overall risk level. This mapping forms the basis for our audit programs, the prioritization of countries for local human rights risk assessments, and also risk screening for acquisitions, market entry and new partners.

In 2017, of the countries where Electrolux has manufacturing operations - Argentina, Brazil, China, Chile, Egypt, Mexico, Romania, South Africa, Thailand and Ukraine - were deemed as high-risk. In 2017, our facilities in Chile, China, Brazil and Mexico were audited. The first audit of our newly acquired unit in South Africa is planned for 2018. Thailand and Egypt were not audited, since they were subject to the human rights impact assessment.

Additionally, our suppliers are based in a range of risk countries.

Please see the list of our high risk countries [here](#).

## Local assessments

In 2017, we conducted two local human rights impact assessment pilots - the first one in Egypt and the second one in Thailand. The methodology incorporates four steps - web-based, anonymous survey; interviews with production and office employees, as well as external stakeholders; an assessment workshop; final conclusion and the startup of action planning.

The assessments span Electrolux's entire activities in the country, including risks at suppliers and customers. Both in Egypt and Thailand, managers and employees engaged actively in the assessments, discussing openly potential impacts and mitigating measures in place, including policies, procedures and training.

In Egypt, the core issues identified revolved around employee compensation and benefits, and also safety for sales representatives and service technicians. An action plan was established to address the risks, and a local coordination group is in charge of implementing the actions and to monitor progress. Read more [here](#).

In Thailand, the core issues were working hours (both at suppliers and Electrolux operations) and risks related to migrant workers in the supply chain. New issues that emerged in the local assessments and were not identified

at Group level, include safety for sales and service staff, including road safety. Local management is responsible for the implementation of the remediating actions, which are followed up by the Human Rights Coordination Group.

## Stakeholder engagement

Our approach to assessing local human rights impacts includes interviewing employees, employee representatives and experts on human rights and labor rights - including advocacy groups, local representatives of international organizations, academia and embassies. The context these external stakeholders provide is very valuable for understanding expectations on us as a responsible company and employer, and assessing potential human rights risks. This includes information regarding the protection of human rights in the country in question, the situation for labor organizations, and other information regarding specific human rights that are at risk.

## Human rights in acquisitions

'Acquisitions' is one of the salient human rights issues identified at group level, where human rights could be better embedded. During 2017, a procedure for human rights and corruption screening was developed and piloted on an acquisition in Italy and Poland of a hood manufacturer. Prior to this, relevant topics such as labor standards and EHS were part of the due diligence efforts conducted in 2016 of the acquisition of a water heater manufacturer in South Africa that was closed in 2017. Additionally, two other acquisitions were closed in 2017 - one cooking device-maker and one producer of professional beverage dispensing equipment. Work is underway to ensure ethics and human rights are part of the integration processes of these four new organizations into the group.

## Monitoring and follow up

We currently monitor our human rights performance through internal and external audits, our Ethics Helpline, employee-management dialogue, health and safety committees, and the Code of Conduct mailbox for suppliers.

Since 2017, the above approaches are complemented by the local human rights impact assessments, which provide further details about the risk of negative impact on people, focusing on our activities at the country level.

<sup>1</sup> Salient human rights issues are those can have the most severe negative impacts through activities or business relationships.

# Auditing and monitoring

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

Purpose	Criteria	Findings 2017	
ALFA (Awareness-Learning-Feedback-Assessments)	A self-assessment questionnaire filled out by line managers, to: Check the extent units comply with the Code of Conduct. Regularly remind line managers what is expected of them.	Annually for manufacturing units, based on key elements of the Workplace Standard.	Response rate: All manufacturing sites which were operational by end-2017 responded to ALFA. See the results here: <a href="#">ALFA assessments of the Code of Conduct</a>
Code of Conduct audits	Identify improvement areas and ensure Code of Conduct compliance.	Internal audits of selected manufacturing units, following risk assessments based on the Workplace Standard.	Conducted 8 audits in China, Chile, Brazil and Mexico in 2017 - including 9 (9) of 23 (22) high-risk facilities. Identified health and safety, working hours, environment and compensation as having the greatest number of non-compliances. Local corrective action plans are addressing the issues found.
The Ethics Helpline	A whistle-blowing service that enables employee bottom-up monitoring. Allows employees to remain anonymous (to the extent permitted under local law), without fear of exposure or retaliation.	Third-party operated. Covers breaches of ethics-related policies such as the Code of Conduct and Bribery policy. It covers 99% of our employees.	The highest number of reports related to discrimination and harassment, such as the use of abusive language or disrespectful behavior. See graph: <a href="#">Helpline Cases</a>
Internal audits	Provide independent assurance. Evaluate the effectiveness of risk management, control, and governance processes by conducting operational, financial, and compliance process audits and investigations of alleged employee fraud.	Risk-based annual plan approved by the Audit Committee; ad hoc investigations of reported fraud allegations.	Reported to Group Management and Audit Committee.
Employee Engagement Survey (EES)	Assesses engagement, leadership, organizational capabilities and commitment to our strategy and purpose. Enables comparison with other high-performing organizations.	Annual and Group-wide, among employees in offices and manufacturing.	The last survey was conducted in 2016, with a response rate of 93%. Electrolux achieved a record 67% participation (our engagement plus index). The results of the survey were used to improve our operations. The next survey is planned for March 2018.

Global audits of ISO standards for environment and safety	External audits. Every business area must have an environmental management system at all manufacturing sites.	Annual audits of all manufacturing facilities, with recertification audits every third year. OHSAS health and safety also included for select sites. All manufacturing units with over 50 employees must be certified to ISO 14001, and newly acquired units must be certified within three years of joining the Group.	ISO 14001 audits conducted by 91% of eligible manufacturing units. The majority of the findings relate to inadequate operational control, and on-site emergency preparedness.
The sustainability KPI survey	An annual assessment to track operational environmental management and compliance in the areas of materials, waste and chemicals, and employee turnover. Forms the basis of our reporting for GRI indicators.	In 2017, 48 (49) manufacturing sites, 35 (34) warehouses and 27 (28) offices.	N/A
Green Spirit certification and reporting system	Focuses on environmental performance improvement and employee engagement. The system monitors energy and water consumption among our facilities. Best practice is shared. Monitors performance against defined energy and water targets.	All manufacturing sites are evaluated annually as part of the certification, and are awarded stars according to their energy management performance.	Certification process completed during 2017.
Safety Management System (SMS)	Factory self-assessment protocol to assess how manufacturing units meet internal safety standards.	Conducted annually among all Global Industrial Operations.	In 2017, all manufacturing units within Global Industrial Operations underwent an SMS assessment by the OHS Global team in addition to self-assessments.
Responsible sourcing audits	Assessment of how suppliers meet Code of Conduct and Workplace Standard expectations.	Auditing of medium to high-risk direct material (raw materials, parts and sub-assemblies) suppliers. Audited suppliers are categorized and ranked on performance. Categorization criteria include: disqualified (zero tolerance findings), conditional (more than two critical findings), active (only non-critical findings) and preferred suppliers (only minor findings).	Carried out 387 (471) supplier audits, mainly in China, Mexico, Brazil and Thailand. Key non-compliance areas for suppliers include health and safety, environment and working hours. Code of Conduct non-compliance is addressed through mandatory corrective action as well as 'beyond compliance' support activities such as training and capacity building. See table for findings.
External verification of sustainability reporting	To enhance reporting credibility and reporting practices.	The Sustainability Report (as referenced in the GRI index) is reviewed in accordance with ISAE3000.	
GEARS	Collect and compile health and safety data	Monthly reporting for all factories and warehouses	GEARS management tool for health and safety program extended to all Electrolux operations.

# Stakeholders inform our approach

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

Our Promises require improvements throughout our value chain, from sourcing to end-of-life. Consequently, we cannot deliver on our ambitions alone – and engagement with customers, consumers, employees, shareholders suppliers, industry peers and NGOs is crucial for us to deliver our sustainability framework For the Better.

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

## Stakeholder priorities and our response

Key stakeholder groups and their importance to Electrolux	How Electrolux engages with stakeholders	The impact on our sustainability approach
<p>Consumers</p> <ul style="list-style-type: none"><li>• Consumer choices drive our business, and consumer behavior shapes our sustainability performance</li></ul>	<p>Bi-annual brand scorecard on sustainability surveyed 200 consumers per market and month in Australia, Brazil, China, France, Germany and the US.</p> <p>'Care label' project -consumer campaign on more sustainable clothing care habits.</p> <p>'green&amp;clean' professional rack-type dishwasher launch.</p> <p>Electrolux Food Foundation projects around the world</p> <p>Documentary on food waste</p> <p>Participation in an international sustainability festival</p> <p>Campaign to help champion a more sustainable kitchen</p>	<p>For the better communications platform to engage consumers (and employees) in sustainability.</p> <p>The results of the 2017 brand scorecard survey will be available during 2018.</p>
<p>Customers</p> <ul style="list-style-type: none"><li>• Our sustainability work must align with customer values to optimize benefit to Electrolux's business</li></ul>	<p>Partnerships with specific customers. Sustainability engagement is becoming long-term and strategic.</p> <p>Electrolux Professional: Ongoing engagement with customers and key stakeholders to share learnings and discuss sustainable solutions for Professional kitchens and laundries. Topics include: product efficiency, hygiene, ergonomics, connectivity, customer service, education and training.</p> <p>As part of its Eye2Eye initiative in 2017, Electrolux invited over 200 customers from around world to Italy for informative lectures, seminars, round tables and factory tours.</p> <p>Feed the Planet partnership with Worldchefs.</p>	<p>Collaborated in areas such as chemicals handling and recycled materials. We discussed criteria and evaluated our process for supply chain monitoring.</p> <p>Customer insights contribute to raising market awareness on the importance of an efficient Professional product offering.</p>

<p><b>Investors</b></p> <ul style="list-style-type: none"> <li>• ESG investors drive our sustainability agenda forward</li> </ul>	<p>In response to significant growth in ESG (Environmental, Social and Governance) investment, Electrolux engages with investors and shareholders on sustainability topics. For example, in March 2017, Electrolux presented For the Better at the 'Investor 100 years' event.</p> <p>Eight of our ten largest shareholders are signatories to the UN Principles for Responsible Investments.</p>	<p>Investor feedback helped shape For the Better.</p> <p>Enhanced our reporting and activities on CO<sub>2</sub> reduction in response to our disclosure to CDP.</p>
<p><b>Employees</b></p> <ul style="list-style-type: none"> <li>• Our sustainability work helps to motivate, retain and attract our employees</li> </ul>	<p>Ongoing dialogue between management and employee representatives and unions. Topics include updates on restructuring plans, feedback on business development, Code of Conduct training, the Ethics Helpline and Health &amp; Safety performance.</p> <p>40 of our 48 manufacturing units have local employee-management committees, and all have local Health &amp; Safety committees. We have good dialogue with unions.</p>	<p>We integrate employee perceptions into strategic and operational activities on local, market and Group levels. 58% of our workforce have collective agreements.</p>
	<p>The last Employee Engagement Survey was in 2016, which concluded that 80% of employees consider sustainability a natural part of their everyday work and 74% are proud of Electrolux's environmental and social responsibility. The next survey will be conducted in 2018.</p>	<p>Via our global intranet, 19,000 employees had access to 31 global articles, several local news, presentations and films on sustainability related issues published systematically during the year.</p>
	<p>Key supporter of AIESEC, the world's largest student organization and an international platform for young people to explore and develop their leadership potential.</p>	<p>In 2017, we continued to build on our strategic partnership with AIESEC, to incorporate the partnership Feed the Planet – which collaborates with local community projects.</p> <p>We have also worked on creating awareness of our sustainability priorities and ambitions and, together with AIESEC, focus on finding talent within the areas of Science, Technology, Engineering and Mathematics, piloted a Global Engineer Program Science, Technology, Engineering and Mathematics (STEM pilot program) together with AIESEC.</p>
<p><b>Suppliers</b></p> <ul style="list-style-type: none"> <li>• Working with suppliers is crucial to implement our sustainability framework – For the Better</li> </ul>	<p>2017 was the seventh year of dialogue and cooperation with key OEMs on energy management.</p> <p>Supplier capacity building on Code of Conduct continued through e-learning.</p> <p>The 2017 Supplier Award Day celebrated the most innovative and efficient key suppliers and had sustainability as its main theme.</p> <p>Sustainability was also featured in two regional Supplier Day events.</p>	<p>Energy and water data was aggregated for 81% (56) of our OEM supplier spend.</p> <p>An energy and water summit was held in Shenzhen, China for 34 of top OEM-partners to share best practice, reward achievements and communicate next steps?</p> <p>Provided online Code of Conduct training to critical suppliers in six languages, reaching 499 supplier representatives from over 250 companies.</p> <p>Polled Supplier Award Day participants identified main areas for further collaboration on sustainability: environmental footprint, product efficiency and recycled materials.</p>
	<p>Continued dialogue with the logistics industry in 2017 to share best practice in transport management. Member of US Environmental Protection Agency-led SmartWay, with a commitment to reduce road transport-related emissions.</p>	<p>As part of the BSR Clean Cargo initiative, Electrolux's logistics suppliers must be BSR members. Developed a partnership with shipping company Maersk Line to improve sustainability performance by 2020.</p> <p>We continued to evaluate the environmental performance of logistics suppliers.</p>

Industry peers	<p>Shared best practice on setting stretch targets for renewable energy.</p> <p>Shared best practice on human rights, including at the Ethical Trade Initiative (ETI) conference and the Swedish Network on Business &amp; Human Rights.</p>	By the end of 2017, 17 plants in Europe and North America had switched to renewable electricity.
NGOs, academia and governmental initiatives	<p>We engage with experts on human rights and labor rights – including advocacy groups, local representatives of international organizations, academia and embassies.</p> <p>Took part in United for Efficiency, a UN Environment Program led project to develop recommendations on how emerging markets can ‘leapfrog’ to greater energy efficiency.</p> <p>Exchanged ideas with the European Environmental Bureau on energy efficiency and labeling.</p> <p>Presented our strategy to increase the use of recycled plastic in our products in several different contexts, from multi-stakeholder conferences, to meetings at Chatham House and with the Environmental Ministers of the OECD countries.</p>	<p>Insights provided input into Promises Always act ethically and respect human rights, Solutions for healthy and sustainable living for more people and Be a force for good.</p> <p>Relevant issues are part of our materiality analysis.</p> <p>Formulated our Promise Solutions for healthy and sustainable living for more people, to bring efficient products to new consumers.</p> <p>Input to our public policy initiatives in Europe on labeling.</p> <p>Input on our material efficiency strategy, exchange of best practices with leaders in this field.</p>

# Electrolux and the UN Sustainable Development Goals (SDGs)

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

As a sustainability leader in the appliance industry, we believe we have a key role to play in SDGs 2, 8, 12 and 13. These four goals are closely aligned with For the Better as described below. The correlation between the UN Sustainable Development Goals and Electrolux sustainability framework shows that the Group's materiality analysis reflects societal priorities.

Other relevant SDGs related to our sustainability agenda are goals 3, 4, 5, 6 and 7.

## Our most relevant SDGs

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

SDG number 13, 'Climate Action' is reflected in our climate target to halve our CO<sub>2</sub> footprint, including product usage, production and transportation. We are committed to achieving Science Based Emission Targets, and have set a new target to increase the proportion of renewable energy used in our operations to 50% by 2025.

SDG number 8, 'Decent work and economic growth' is related to our manufacturing operations. Our Workplace Code of Conduct sets out decent labor standards as a requirement for our operations and our suppliers.

SDG number 2, 'Zero hunger' is closely tied to our product offering, particularly in emerging markets. Our Educational Kitchen project in Curitiba Brazil trains unemployed people, mainly women, to work in professional kitchens, and thereby helps them to provide for themselves and their families.

## SUSTAINABLE DEVELOPMENT GOALS



[Read more about the UN SDGs.](#)

# Management approach

At Electrolux, everything we do and all decisions taken must be governed by the principles of ethics, integrity and respect for people and care for the environment. This affirms our commitment to sound and universal ethical business practices.

## New business model - including sustainability

To achieve our Purpose - to shape living for the better - and drive profitable growth, Electrolux uses a business model that focuses on delivering best-in-class consumer experiences in taste, care and wellbeing. The objective is to create a steady stream of consumer-relevant innovations under strong brands in key experience areas. We focus on enabling great-tasting food, great care for clothes and healthy wellbeing in consumer's homes.

Sustainable development is defined as a transformational driver in our business model, as we recognize the growing importance of sustainability performance and reputation - including the impact of business and products on the planet. Electrolux is acknowledged as a sustainability leader.

As an endorser of the UN Global Compact, Electrolux abides by universal principles, including the environment, labor and human rights through Group codes and policies, both internally and among suppliers. The following tables cover Global Reporting Initiative (GRI) aspects that are deemed material to Electrolux.

The most relevant aspects are integrated into our nine 'For the Better' Promises and our approach is outlined under each related Promise in other areas of this report, most notably under Progress 2017. The aspects have been combined if they have a common management approach or policy.

## Sustainability governance

Our sustainability framework - For the Better - is directly overseen by Group Management and the Sector Management teams through various reference groups and steering groups. Group management has also adopted policies concerning Environment, Code of Conduct, and Corruption and Bribery, while the Board of Directors has approved the Code of Ethics.

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

Group Sustainability Affairs is our expert function that drives the development of our sustainability agenda, supports sustainability integration throughout operations, and monitors performance. Group Legal Affairs is responsible for implementing the anti-corruption program. The global Ethics Helpline (whistleblower function) and the Ethics Program is overseen by the Ethics & Human Rights Steering Group.

## Economic

For 2017 information regarding our economic management and reporting practices, see Accounting principles and Market information. Financial objectives are presented in our Mission - financial goals.

## Environment

### Policies and governance

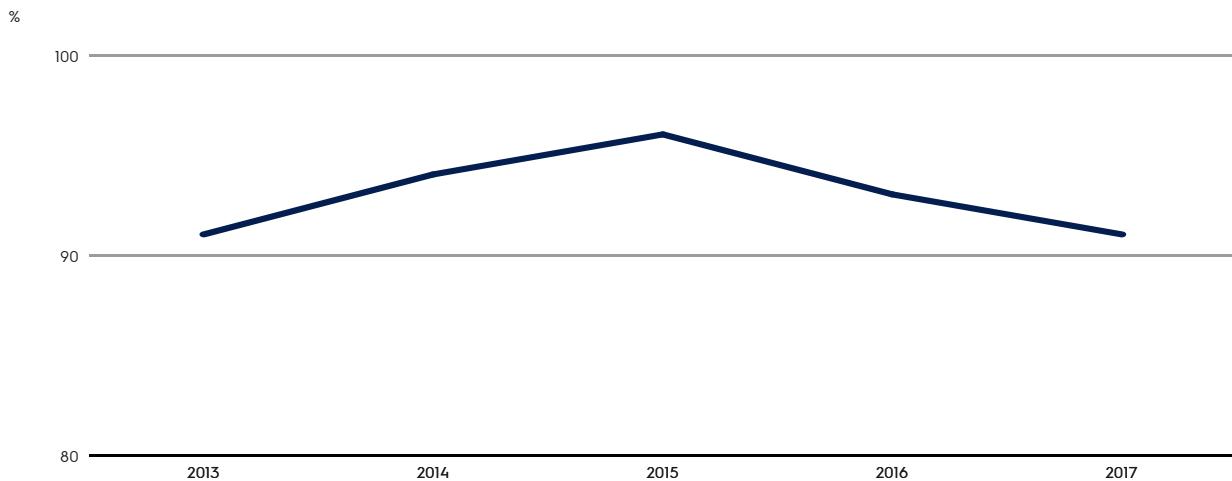
Our Environmental Policy outlines how we intend to improve environmental performance in production and product use, as well as how to design products for disposal. The Workplace Standard describes how we meet expectations in our own operations and among suppliers.

Electrolux applies a product lifecycle approach to managing environmental impacts, which considers the entire lifecycle - from supplier impacts through to transport, manufacturing and use. We also apply the precautionary principle, whereby we act responsibly despite not having the full scientific knowledge of negative impacts, to ensure we stay ahead of potential risks.

Each business area is required to implement an environmental management system throughout its operations, and all operations with over 50 employees are expected to have ISO 14001 certification.

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

## ISO 14001 certification



The proportion of factories with over 50 employees that are ISO14001 certified.

## Environment

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

## Social

We support labor rights according to the ILO Core Conventions and the Declaration on Fundamental Principles and Rights at Work, and have an International Framework Agreement with unions that affirms our labor commitments. The Workplace Code of Conduct and the Electrolux Workplace Standard both apply to our operations and supply chain.

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

## Labor practices, human rights and society

Aspect	Policy, governance and commitments	Responsibility and resources	Training and specific actions
Investment	Human rights screening is included in our acquisition processes.	Responsibility lies with each project team, supported by Group Legal and Sustainability functions.	In 2017, we established a strengthened procedure for ensuring human rights is a part of the acquisition process.
Non-discrimination, child labor, forced or compulsory labor	Specified in the Code of Conduct and Workplace Standard.  As outlined in the Promise <b>Always act ethically and respect human rights.</b>	The responsibility of each unit's line management, including communication requirements within their unit through training, and annually assessing the unit's performance.	Code of Conduct compliance is reviewed and discussed with employee representatives on an ad hoc and annual basis. Dialogue covers the outcomes of internal audits and local human rights assessments, an overview of cases reported through the Ethics Helpline, and general improvement areas.
Occupational health and safety	Specified in the Code of Conduct and Workplace Standard.  A Safety Management System covers all manufacturing facilities. Each facility has a plan to contribute to the group-wide goal. The overriding aim is to prevent injuries from occurring in the first place.	The Global Industrial Operations safety team defines goals, monitors progress, shares best practice and implements the monthly recording system and daily incident reports, to align according to production groups, regions and product line. Furthermore, there are Occupational Health and Safety committees in all our manufacturing facilities.  As outlined in the Promise Ensure the best health and safety.	Ongoing local workshops and training on safety procedures, reporting systems and certification programs.  Global Safety Day, designed to engage employees in manufacturing, and inform of the 'best performing' and 'most improved' regional facilities.

Training and education	A focus area of the People Plan is to become a Learning Organization. Our training and education program is built on the 70-20-10 learning model: 70% through challenging assignments and on-the-job experience, 20% through relationships, networks, and feedback and 10% through formal training.	Responsibility lies with each unit's line management, supported by business area and Group HR functions.	TalentONE, a system for Learning Management, has been implemented globally 2017, which will enable better group-wide reporting from 2018 onwards. On average, white-collar employees in EMEA, Latin America and North America received 7 (13) hours of training in 2017.
Employment, Diversity and equal opportunity	As specified in the Code of Conduct and Workplace Standard. A component of the Business Strategy, the People Plan, describes our aim to become a high-performing learning organization with the right people in the right jobs. The appointment of senior managers, the Recruitment and Internal Transfer Policy, and the Grandparent principle - are designed to ensure fair and transparent hiring practices - together with the Compensation Policy.  As outlined in the Promise <i>Always act ethically and respect human rights.</i>	Senior Vice President of Human Resources is responsible for HR- related policies. Implementation of policies and remuneration are managed by business sectors. The Talent Planning process for the Top 200 positions, and opportunities for promoting women are constantly reviewed.	Through performance appraisals and talent reviews, we evaluate employee performance and development, while promoting diversity and equal opportunities.  Appraisals and talent reviews, evaluate our people and focus on their development. The annual Employee Engagement Survey and HR data measures our progress.  We focus on attracting, developing and retaining more qualified female candidates for leadership roles.
Labor & management relations	Specified in the Code of Conduct and Workplace Standard. Our strategy is informed by the <a href="#">International Framework Agreement with the Swedish trade unions IF Metall, Unionen and IndustriAll</a> , which underline our commitment to ILO conventions and maintaining common standards globally.	Country and local line organizations are responsible for realizing the strategy, supported by HR Country Managers and Group Industrial Relations.	Code of Conduct training is ongoing and covers labor management relations.

Supplier assessment for labor practices and human rights	Specified in the Code of Conduct and Workplace Standard. Code of Conduct compliance is mandatory and non-negotiable for suppliers. As outlined in Promise Improve sustainability in the supply chain. <b>Improve sustainability in the supply chain.</b>	Each Business Area's Sourcing Board is responsible to vet supplier candidates, and the Business Area is also responsible for ongoing compliance, with support from the Responsible Sourcing Team and Sustainability Affairs. As outlined in the Promise <b>Improve sustainability in the supply chain.</b>	Prospective suppliers are required to outline their capabilities and performance in labor, human rights, and environmental management. Key procurement employees receive Code of Conduct training.
Security practices	Specified in the Code of Conduct, Workplace Standard. We also have a Security Program that covers selection criteria for security providers, and incident reporting.	Unit line management is responsible for fulfilling the Code and Security Program locally, supported by the Chief Security Officer.	Security inspections are performed at all premises in accordance with the Security Program. Security requirements are included in Code of Conduct training for all employees, as well as in the ALFA self-assessment for plant managers.
Grievance mechanisms for labor practices, human rights.	Employees can report misconduct confidentially and anonymously (where legally permitted) without fear of negative consequences through our confidential reporting mechanism - the Ethics Helpline, which can be accessed by 99% of our employees. Suppliers can report possible non-compliances through the Code of Conduct mailbox. As outlined in the Promise  <b>Always act ethically and respect human rights.</b>	The Ethics and Human Rights Steering Group is responsible for the grievance mechanism. Trained investigators conduct the investigations, in line with our confidentiality and integrity principles. Most cases relate to verbal abuse or abusive behavior.	A grievance mechanism in the form of a mailbox has been introduced for Electrolux suppliers.

Anti-corruption, anti-competitive behavior	Specified in the Code of Ethics, Policy on Corruption and Bribery, Policy on Anti-trust and the Code of Conduct. As outlined in the Promise  <b>Always act ethically and respect human rights.</b>	The Corporate Legal department is responsible for corruption, bribery and anti-trust policies, and for communication and follow up. Management Assurance and Special Assignments (MASA), investigates reported corruption cases. The Ethics at Electrolux program, including the Ethics Helpline, is a cross-functional initiative, led by Sustainability Affairs together with Human Resources, Group Legal and Internal Audit (MASA) through the Ethics & Human Rights Steering Group.	Promotion of the corruption and bribery policy is ongoing through e-learning and face-to-face training. This will be further built upon during 2018 and beyond. Corruption risks were considered in the 2017 local human rights assessments.
Public policy	Group Management and functional heads are responsible. Group External Affairs Committee, including representatives from the business sectors, coordinate positions and other public affairs matters.	Each business area is responsible for engaging with their respective policy-makers. Public policy initiatives are primarily conducted through industry organizations, such as the European Appliance Industry Association (CECED) and the American Home Appliance Manufacturers Association (AHAM).	<p><b>Key actions influencing policy in 2017:</b></p> <p><b>EU</b> EU legislation on circular economy and resource efficiency</p> <p>EU waste and chemical legislation</p> <p>Revision of the EU energy label and energy efficiency legislation (eco design legislation)</p> <p>Circular economy</p> <p>Smart appliances</p> <p>Data privacy</p> <p><b>North America</b> Environmental Protection Agency (EPA) rulemaking</p> <p>Energy efficiency requirements</p> <p>NAFTA trade negotiations</p> <p>Trade tariffs on certain products</p> <p><b>Asia Pacific</b> Revised water efficiency and energy labelling requirements</p> <p>Chemical regulations</p> <p><b>Latin America</b> Recycling regulations in several countries</p>

## Materials get new life



Using recycled materials has obvious environmental benefits, and we are increasingly replacing virgin materials in our products and packaging. New eco-friendly materials are becoming available, and we created the first-ever prototype fridge made of bioplastics.

After the product use phase, appliance raw materials have the largest lifecycle environmental impact. By replacing virgin materials with recycled ones, we significantly reduce environmental impact and promote a more closed resource loop. Producing the plastic we use in our products generates CO<sub>2</sub> emissions equivalent to the emissions from our operations and transport activities combined. In other words, we can make a significant contribution to reducing resource use and tackling climate change by increasing the amount of high-quality recycled plastic in our products.

By 2020, we want to increase the volume of recycled plastic to 20,000 tonnes annually. In 2017, we used 15 times more recycled plastic than in 2011, which is when our reporting in this area started.

Recycled plastic is currently being used in vacuum cleaners and white goods. In 2008, we launched our first green vacuum cleaner made from recycled plastic, and ever since then we have had a number of green vacs on the market. The latest one to hit the shelves is the Pure D9, which is made from 70% recycled plastic and boosts A+++ energy efficiency.

### Shifting toward scrap-based steel

Looking at sheer volumes, steel is the material we use the most and is a significant source of CO<sub>2</sub> emissions. By shifting our supply from steel made from iron ore to scrap-based steel, we can significantly reduce our carbon footprint from materials.

Electrolux has increased the amount of recycled steel from 7% in 2013 to 30% in 2017, which has reduced the average annual carbon emissions per tonne of steel from 2.1 to 1.6 tonnes of CO<sub>2</sub>, and the annual CO<sub>2</sub> emissions by 256,000 tonnes. The accumulated CO<sub>2</sub> reduction from using recycled steel rather than ore-based steel from 2013 up until 2017 is 1,084,000 tonnes of CO<sub>2</sub> emissions.

### Greener packaging

Our packaging is also going green. To improve the sustainability of packaging and emphasize the sustainable focus of the Electrolux Green Range of vacuum cleaners, the Visual Communication Design team within Home Care & SDA decided to use 88% recycled cardboard for the packaging.

Sustainability of the packaging was further enhanced by going from an oil-based four-color print to a watercolor ink, only using two colors on the packaging. Changing ink usage and printing on cardboard reduced the CO<sub>2</sub> footprint by 12%, which make the products greener in all aspects.



## The first fridge made of bioplastics

Since a couple of years, we are exploring and testing how bioplastics can be applied in our products and packaging. Unlike ordinary plastics that are oil-based, bioplastics are made from corn, sugarcane and cellulose sources or from waste and by-products from the agriculture, forest and food industries. The bioplastics we use can, depending on type either be recycled like conventional plastics or decomposed in industrial composting.

Electrolux has now developed the first prototype of a refrigerator with all visible plastic parts made from bioplastics, specifically polylactic acid, a biobased thermoplastic polyester that is widely used in food packaging materials and disposables.

# The sustainable home



Consumers are becoming more environmentally aware, wanting to make better use of what they have and waste less. How can our appliances help reach the vision of a sustainable home?

Here are a few examples of how Electrolux is helping people to take better care of the clothes we wear, the food we eat and the homes we live in.

## Taking care of our wardrobe

Around 90% of our clothing is thrown away too soon. Technology gives us options to treat clothes with the care they deserve. The Electrolux PerfectCare 900 series, for instance, purifies water with a unique ion-exchange filtering system, which prevents color fading. Meanwhile, the PerfectCare 800 intelligent tumble dryer adjusts both the temperature and the motion of the drum to exactly the right temperature for the garment and the specific fabric. This guarantees no shrinkage as well as restores the waterproofness of your favorite gear.

But that's just one part of the solution. We need better care habits.

The Care Label Project aims to break the misconception that delicate fabrics are always "Dry Clean Only." We want to stop people from washing garments at high temperatures and encourage them not to be afraid of putting wool in their washers and dryers. A new care label - Don't Overwash - was introduced, focusing on dry cleaning, temperature and frequency of washing. We also created a [modern care guide](#) with tips on how to take the best care of your clothes.

## Urging for change

The bid to slash the carbon footprint of refrigeration appliances worldwide has taken a huge step forward as North American safety standards are being revised. Changes will allow appliance makers to transition away from the greenhouse gas hydrofluorocarbons (HFCs) to more eco-friendly hydrocarbon refrigerants. The move follows years of advocacy spearheaded by Electrolux and

## Enjoying all our food

In some parts of the world, we waste far too much good food. To help support current global efforts to prevent food waste, our CustomFlex® refrigerator has a unique storage system that allows you to organize your fridge storage just the way you want. Moving bins quickly and easily and keeping track of the food you have translates into less food wasted.

The SpinView rotating shelf, featured in some CustomFlex® refrigerators, provides easy access to all food items no matter where on the shelf. The SpinView shelf rotates with one touch in both directions. Food items in the back are brought to the front with minimum effort, so you don't forget what you have at home when making your shopping list.

## Designing for everyone

When deciding which features to include in our products, we put all consumers' needs first and we keep in mind that no two consumers are alike.

For example, the Pure i9 robotic vacuum keeps floors clean with the touch of a button - freeing up time and sparing your back.

The ComfortLift® dishwasher has a unique lower rack that gently slides the lower basket up for easy loading and unloading - no bending necessary.

the North American industry organization AHAM. Eco-friendly hydrocarbon refrigerants are already in use in Europe.

As one of the world's largest markets, the phasing out of HFCs in the United States and Canada will contribute to a significant reduction in harmful refrigerant pollutants

## Good for the environment - and business



One glass of water is all it takes

Global demand for energy and water is on the rise, so we're constantly improving the performance of our appliances - to help our professional customers save money and reduce their environmental footprint.

More efficient, high-performance products help hotels, restaurants and other professional customers save money and reduce their environmental footprint.

Our green&clean rack-type dishwasher uses only 0.4 liters of water to clean and sanitize an entire rack of dishes. A built-in heat pump also transfers heat captured from the extracted air to heat up incoming cold water to significantly reduce energy use. As the solution uses less electricity, detergent and rinse aid than other equivalent models, the savings and environmental benefits are significant. The dishwasher can save customers €3,240 a year, based on washing after 500 meals during peak hours twice a day,\*\* the lowest running costs in the industry.

### Pioneering energy efficiency

Our ecostoreHP refrigerated counters have the highest climate class and energy efficiency ratings on the market. This energy efficiency makes a real difference on the energy bills of customers, who can save up to €480/year.\*\*\* The ecostoreHP is also the best-performing,

refrigerated counter around, guaranteeing extra food safety and extra capacity.

### A clean start for textiles

Harnessing the power of water, our lagoon® Advanced Care washer-dryer can handle the most delicate of garment (even those made of silk or wool) without needing to turn to dry cleaning. Our latest wet-cleaning technology for delicate textiles protects the environment too, because it does not need to use perc, a widely used solvent in the dry-cleaning industry.

The pre-spotting agents used in the process work in combination with smart biodegradable detergents to thoroughly and quickly clean both water soluble and non-water soluble stains.

\* Source: Options for Decoupling Economic Growth from Water Use and Water Pollution, a report from the International Resource Panel.

\*\* Cost savings are calculated by Electrolux Professional Lab, which is accredited by IMQ, INTERTEK, ENERGY STAR measurement.

\*\*\* Potential energy savings are based on EU legislation labeling obtained by comparing class G refrigerated counters with equivalents in class A (with an EU average energy cost of €0.21/kWh and net volume of 310 liters).

### Zero Waste, All Taste

Electrolux is being proactive in the need to stop food waste in restaurants. In the beginning of 2017, we introduced the **Zero Waste, All Taste** concept revolving around a one-ingredient menu. Developed by chefs from Electrolux Professionals Chef Academy, we want to demonstrate how a gourmet menu can be created from basic, healthy, low-cost produce that is always present on store shelves.

# Leading the fight on climate change



Jan Brockmann, Electrolux COO, accepts CDP Climate A-list award.

Electrolux has ambitious climate objectives and is recognized as a climate world leader. Moving to renewable energy sources and using transport tracking systems will help to further reduce our environmental footprint.

Electrolux has been named one of the top 5% corporate global leaders acting against climate change. For the second year in a row, we've made it onto CDP's Climate A List. CDP is an international non-profit organization working with a global disclosure system to measure and manage environmental impacts. Thousands of companies submit their annual climate disclosures to CDP for independent assessment against its scoring methodology.

## Reducing our environmental footprint

As part of our goal to reduce carbon emissions by 50% by 2020, we have worked to lessen our environmental footprint by shifting to renewables and optimizing the use of energy and other resources throughout our operations, as well as improving the energy efficiency of appliances.

"We have set a goal that half of the energy we use will come from renewable sources by the year 2020," explains Ernesto Ferrario, Head of Global Industrial Operations.

For instance, we're installing 2,800 solar panels at the Juárez, Mexico factory that are expected to produce more than 1,500,000 kWh of electricity per year and reduce CO<sub>2</sub> emissions by approximately 700 tonnes.

The photovoltaic panels at Electrolux Professional headquarters in Vallenoncello, Italy already produce around 1.1 million kWh of energy per year - that's enough electricity to power a refrigerator for 7,000 years. The panels produce about 15% of the total annual energy consumption. Since 2016, all electricity used at the Vallenoncello site comes from certified renewable energy sources.

With all the energy efficiency efforts in place, the average level of CO<sub>2</sub> emissions per product manufactured has decreased by more than 15% compared to 2016 and by 35% since 2015.

## Tracking carbon emissions

Also, Electrolux aims to cut CO<sub>2</sub> emissions from transportation of appliances by 15% - the equivalent of removing 22,000 cars driving 15,000 km a year off the roads - by 2020. A new digital dashboard has been created to ensure that we stay on track. When planning the transportation of appliances from our factories to warehouses or retailers, we can use the dashboard to examine the carbon footprint of road, rail, intermodal and ocean shipments.

"About 315,000 tonnes of CO<sub>2</sub> are currently emitted through the transportation of our appliances in Europe, North America and Brazil. The new dashboard will play an important part in reducing our footprint in this respect," says Tomas Dahlman, Global Director of Energy Strategies. The dashboard can be used to identify where the CO<sub>2</sub> impacts arise and compare the benefits of using rail and intermodal (when more than one mode of transport is used) transport.

Electrolux has already improved CO<sub>2</sub> efficiency in sea transportation by almost 35% since 2012. In 2017, the Group improved CO<sub>2</sub> efficiency for land transportation by more than 3.5% compared to 2016.

This case study is related to our promises **Achieve more with less** and **Improve sustainability in the supply chain**.

# Smart factories of the future

Our Smart Factory Model is a vision for facilities that incorporate digital manufacturing, smart automation and lean manufacturing principles, while promoting safety, boosting efficiency and producing virtually zero waste.

Fully digitalized operations will not only help us to quickly meet market demand for our products, but it will also build on our well-established Green Spirit program to reduce energy, water and waste throughout our operations.

"Combining the Internet of Things (IoT), automation, data exchange and massive computer power is an exciting opportunity for Electrolux to improve efficiency in a sustainable way," says Ernesto Ferrario, Electrolux SVP Global Industrial Operations.

Since 2013, our injury rate has declined by 43% across the Group. Our current global injury rate (TCIR) of 0.58 compares favorably with other well-known benchmarks, as reported in publicly available sources.

The Smart Factory Model will enhance safety by sensing whether a person entering a restricted area is wearing the correct protective gear or alerting when someone falls over.

Another interesting wearable that we are currently piloting at a number of plants is the Pro-glove. This protective

garment, which has a built-in scanner, enables hands-free scanning of goods. This helps increase productivity while improving ergonomics. For factory operators, we are running several other pilots looking at wearable technology, such as augmented reality glasses and exoskeletons.

## Toward zero waste

The factory of the future is also one where no waste from our operations is sent to landfill.

Our Zero Landfill program, was further expanded in 2017. Five factories were chosen to pilot the Zero Landfill program in 2017 - Siewierz (Poland), Solaro (Italy), Kinston (US), Sao Carlos (Brazil) and Adelaide (Australia). The program aims to drastically cut the amount of waste generated and find opportunities for reusing material that in the past was treated as waste.

This case study is related to our promises [Achieve more with less](#) and [Ensure best health and safety](#).



Example of wearable technology.

## An eye on human rights



Electrolux factory workers in Egypt.

Electrolux is taking a look at its human rights risks to ensure we're operating in a way that makes people confident that their rights are respected.

Using the UN's Guiding Principles on Business and Human Rights, Electrolux conducted a Group-level assessment in 2016 and identified the most prominent risks for harm to people - both to our own employees and people affected by our operations.

Once the global assessment was done, it was time to go local. Starting in March 2017, Electrolux kicked off a local assessment in Egypt. Team members from Group headquarters in Stockholm and the Egyptian operations took a helicopter view of the operations in the country - our own operations as well as outcomes of supplier audits - trying to understand where the biggest risks to people lie.

The team conducted web surveys and interviews with blue-collar and white-collar workers. All relevant functions were included, and external stakeholders were interviewed to ensure an external perspective was taken into account.

At Electrolux, we're always seeking ways to improve, and the local human rights assessments show us how we can further raise standards and minimize risks.

### Key outcomes

The assessment in Egypt identified a number of areas where we are strong, including environment, health and safety. Also appreciated by those interviewed were our responsible sourcing program and that Electrolux was being proactive and choosing to conduct this assessment.

On the other side of the coin, areas identified for improvement include traffic safety, meals, transportation, wages and medical insurance. A number of actions have been planned to boost conditions for employees.

This case study is related to our promise **Act ethically and respect human rights.**



The local assessment shows both positive outcomes and areas in need of improvement.

## Taking action on food



Participants of the project founded by the Electrolux Food Foundation in Curitiba, Brazil.

Globally one-third of the food produced ends up in the bin, while millions of people are undernourished. In 2017, we explored ways to be a force for good and make a positive impact.

A couple of years ago, Electrolux launched its [food-centered community support approach](#). This includes the [Electrolux Food Foundation](#), which is helping employees take action on food-related challenges in their communities by providing co-funding. The global [Feed the Planet](#) partnership with Worldchefs and AIESEC also supports these projects.

2017 was a year of exploring ways of making a positive impact, and the result was over 10,000 people engaged in events or through volunteering, 50,000 food bundles/meals donated, and over nine million people reached

through social and traditional media. All the projects aim to build awareness on sustainable food consumption, and some provide culinary training for employment. In 2018, the focus will be to replicate and scale up the projects.

Jonas Samuelson, Electrolux CEO, says, "Feeding the world's growing population sustainably is one of the greatest challenges of our time. We believe Electrolux, as a world leader in kitchen appliances, has a responsibility and opportunity to contribute on issues related to cooking and food consumption."

### Ten Stories About Food Waste

Last year, we helped produce a mini-documentary called *Ten Stories About Food Waste* to inspire sustainable food consumption and cooking habits among consumers and professionals. [Watch it here!](#)



## Aiming at change

### 1. Food Mission: Sustainable consumption and labor integration in Stockholm, Sweden

Stockholm City Mission, a local non-profit, opened a social restaurant with kitchen equipment donated by Electrolux. The restaurant serves affordable meals prepared using surplus food from Stockholm City Mission's food bank. On-the-job training for newly arrived immigrants started at the restaurant. During 2017, five people enrolled in the labor integration program. Moreover, two Zero Waste lunches for Electrolux employees and a Zero Waste market event during an international sustainability festival were held in 2017. Some 20 recipes using surplus food were developed, and AIESEC volunteers in Stockholm created a documentary about food waste.

### 2. Better Food: Culinary education for employment in Curitiba, Brazil

This project provides training for underprivileged people in Curitiba to help them get a job in a professional kitchen. The training takes place in a specifically designed educational kitchen in an Electrolux facility. The curriculum was developed by Worldchefs, voluntarily delivered by different chefs and coordinated by Electrolux. In November 2017, 18 participants graduated from the pilot project, and by January 2018, four of them were employed. A partnership was established with the Sodexo Stop Hunger initiative to supply food for the training.

### 3. #SeasonYourEx: Consumer education campaign to minimize food waste in Singapore

This campaign encourages people to post a photo of an expired (or soon to be expired) food or leftover item in their home, and share on social media (using the hashtags #SeasonYourEx and #HappyPlateSG) what they can do with it. For every five hashtags and/or social media shares, Electrolux funded the costs of running the Food Bank Singapore's van for a day. SGD 20,000 were donated to the Singapore Food Bank. Chef Eric Low created 10 recipes using some of the most common leftovers. Take a look at the recipes and read about smarter food habits on [www.happyplate.sg](http://www.happyplate.sg).

### 4. My Happy Plate: Raising awareness to minimize food waste in Malaysia

Malaysia's #myhappyplate is raising awareness among a younger generation of consumers about using leftovers. Project activities include consumer engagement by collecting pledges from the public and converting them to food bundle donations for underprivileged families. Some

1,100 bundles were donated. A digital cookbook #CookForABetterFuture is to be released in 2018.

### 5. OzHarvest: Food rescue program in Australia

By establishing a three-year partnership with OzHarvest, Electrolux in Australia targets food that would otherwise be wasted to help feed people in need across the country. The 2017 campaign focused on raising awareness about food waste among Electrolux employees. Also, 1,500 meals, 200 kilograms of food and AUD 300,000 were donated. Four "Cooking for a cause" events and a Food Truck community event were organized.

### 6. Taste and Share: Food-sharing and awareness campaign in Kraków, Poland

Together with Worldchefs and a local food-sharing NGO, Electrolux in Poland is raising awareness about the problem of food waste through different events reaching 1,500 participants in 2017. The team also set up a food-sharing point for 700 employees at the Electrolux office in Kraków. A mobile app for food-sharing has been developed and was downloaded 780 times in the last two months of 2017.

### 7. Cares Week: Food donation program in North America

Throughout one week in September, 8,400 Electrolux employees volunteered in soup kitchens, donating 35,000 meals to individuals and families in need. Some 11,000 non-perishable food items were collected and donated too. All the activities focused on giving back to the communities.

### 8. Emergency relief program in Peru

In 2017, Peru was devastated by heavy rains and flooding. Many people lost their lives, and thousands were forced to evacuate their homes. The floods destroyed homes, schools, hospitals and restaurants. Two towns hit hard were Huarmey and Paita. To support the victims of the flooding, the Peruvian Association of Chefs, Cooks and Allies, World Chefs Without Borders and Electrolux employees got together to provide them with food. Some 1,000 meals were served in Huarmey and 1,000 in Paita.

### Global sustainability curriculum

Large amounts of food and energy are wasted through traditional culinary practices - both inside the kitchen and in all the preceding steps in the food supply chain. The Sustainability Curriculum was created by Worldchefs to educate students and professionals on how to make sound and sustainable food decisions and to empower them to lead change across the globe. In 2017, 225 students took part in this training in culinary schools in Costa Rica, Canada and South Africa.

### Global High-Capacity Mobile Emergency Relief Kitchen

Planning for a high-capacity mobile kitchen equipped with professional kitchen appliances, for use in emergency situations such as natural disasters and refugee crises.

This case study is related to our promise **Be a force for good**.

Source: <http://www.fao.org/state-of-food-security-nutrition/en/>

# Supporting energy efficiency in emerging markets



Electrolux is a member of U4E, a public-private partnership led by the United Nations Environment Program.

According to estimates by the International Energy Agency, energy efficiency can provide up to 50% of the reduction in carbon emissions needed to meet the two-degree climate target\*. Energy-efficient appliances play a key part here.

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

Refrigerators, as one example, can be beneficial in emerging economies because they preserve food longer and free up time for mothers to work and for kids to go to school. They also impact the environment in a number of ways. They consume electricity, which in turn results in carbon emissions. They release gases used in the refrigerants and insulating foams.

In developing countries, where markets are largely unregulated, old appliances are common and can consume up to three times more energy than the latest, most efficient models. In 2015, residential refrigerators in developing countries stood for approximately 10% of global electricity consumption in households.\*\*

Switching to highly efficient products makes it possible for people to enjoy modern life in a way some of us take for granted, all while minimizing their impact on the climate.

## Working for change

Electrolux is a member of U4E, a public-private partnership led by the United Nations Environment

Program to promote high-efficiency appliances and equipment

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

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

Electrolux has also received the Ökovision Sustainability Leadership Award, which recognizes the company as a pioneer in developing energy and water efficient products.

This case study is related to our promise [Solutions for healthy and sustainable living for more people](#).

\* Source: [United for Energy Efficiency](#)

\*\* Accelerating the Global Adoption of Climate-Friendly and Energy-Efficient Refrigerators.

## U4E was founded by:

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

# Best-in-class sustainable sourcing

Electrolux has long strived for all suppliers to live up to its high sustainability expectations. We now want to inspire our suppliers to do the same with their partners.

"As a recognized industry leader in sustainability," says Peter Truyens, Senior Vice President Group Purchasing, "we are about to take things to the next level. Until now, we have focused on supplier code of conduct performance and energy management, but the next phase will require engaging with suppliers even more. The aim is not only that they comply with our standards but also that they commit to taking the essentials of our For the Better agenda to their partners."

The Electrolux Responsible Sourcing team's assessment, audit and capacity-building work focuses on:

- suppliers located in high-risk regions
- suppliers using production processes that increase the risk of environmental, labor and human rights violations or corrupt practices, and
- suppliers of specific strategic importance for the company

Some 700 suppliers were the focus of attention during 2017.

Additionally, we are engaging with important supplier partners to help them manage their environmental footprint. For several years, Electrolux has cooperated with its main original equipment manufacturer (OEM) suppliers on energy, encouraging them to understand their own energy footprint and establish energy-saving measures.

Starting in 2018, Electrolux will track suppliers' energy and water management and performance more closely. "The time is ripe," says Cecilia Nord, Director Responsible

Sourcing. "We - Group Sustainability, Global Sourcing Operations and our OEM suppliers - all understand that we need to join forces to make a difference."

## Conflict minerals under the microscope

To prevent the use of conflict minerals among suppliers, we want to make certain that the materials come from trustworthy sources. Conflict minerals are referred to as such because in the regions where they are sourced from, conflicts are often present, and mines might be controlled by armed groups, which can lead to human rights violations.

In 2017, Electrolux surveyed almost 300 key suppliers and reached an 82% response rate. There are over 400 smelters/refiners in the supply chain of our suppliers. Around 60% of them have been certified by the Conflict Free Smelter Program, on behalf of the Global Organization Responsible Minerals Initiative. The survey will be continued and strengthened in 2018 in order to encourage certification of all smelters/refiners.



Long-time Electrolux supplier H&T won an Supplier Excellence Award.

## How we do it

Every Electrolux supplier acknowledges and promises to fulfill the Group's high expectations on sustainability. Electrolux Purchasing teams ensure that prospective and current suppliers' capacity to meet these standards is evaluated mandatorily. The Responsible Sourcing team, consisting of 14 dedicated professionals, supports Purchasing by evaluating, auditing and training suppliers and supplier candidates in all sourcing regions.

Suppliers considered critical are audited a minimum of every other year by the team or by external

professional auditing companies. The audits assess whether Electrolux environmental health and safety and human rights requirements are met. The audit grade is an input for sourcing decisions. If a supplier's performance is not satisfactory, on-site audits or other types of follow-up procedures are used to secure improvement.

The Responsible Sourcing team also provides physical and online training on general Electrolux sustainability requirements and areas of special concern throughout our supply markets.

# About this report

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

The 2017 Electrolux Sustainability Report presents the nine promises of the Group's 'For the better' sustainability approach. Using the Global Reporting Initiative (GRI) G4 sustainability reporting guidelines as our starting point, the report aims to deliver the information needs of different stakeholders on our work with sustainability. The report is presented in two versions: an abbreviated, printed report (available in pdf format) and an extended, comprehensive online report (also available as a pdf).

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

## Annual Report

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

## Reporting realm

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

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

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

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

## Boundary of the report

Data has been collected throughout the 2017 calendar year. This report covers 56,708 (53,889) employees at year

end, encompassing our majority-owned operations, including 48 (49) factories, 35 (34) warehouses and 27 (28) offices, in 27 (39) countries. This represents 90% (88%) of our total number of employees at year end. Staff working at facilities with less than 30 employees are not included in this compilation.

The total average number of employees increased by 1% during 2017.

Alignment with new reporting system for occupational injuries. G4-LA6X: 2016 data restated due to changes in reporting systems. Resulting in increased TCIR. 50% target was adjusted due to changes in product grouping resulting in a decrease in the baseline.

Energy reduction performance was calculated according to the World Resources Institute (WRI). Electricity emissions factors were updated according to the CO<sub>2</sub> emission from fuel combustion 2017 edition data set, as published by the International Energy Agency (IEA). To allow comparability, the electricity emission factors used in this report are offset by a three-year period. Units using renewable energy have been defined as having a CO<sub>2</sub> emission factor of zero. Wherever possible, Electrolux reports on its performance indicators covering the last five years.

Health and safety statistics are based on the Electrolux global definitions in terms of what constitutes a workplace injury and a lost day due to injury.

G4-EN15 & G4-EN16 Graphs shows total CO<sub>2</sub> emissions instead of emission from separate energy sources. Natural gas (direct) and Electricity (indirect) dominates these. G4-EN22X: Water quality data is not consolidated at Group level. Water quality is managed locally. G4-LA1X: Data for newhires are not consolidated at Group level. G4-LA4X: Notice periods are managed at local level G4-LA6X: Occupational diseases not consolidated at Group level. No gender specific information is collected. G4-LA9X: Training hours not split into different employee categories

Throughout the report, as data is presented as part of the narrative, 2016 data is presented in (brackets).

The company's previous sustainability report was published in March 2017.

## External assurance

The Sustainability Report (as referenced in the GRI index) is reviewed in accordance with the standard ISAE3000. See the enclosed [Assurance Statement for information on the scope of assurance \(PDF\)](#).

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

Or contact:

Electrolux Sustainability Affairs Henrik Sundström  
Vice President of Sustainability Affairs Tel: +46 (0) 8 738 60

# GRI Index

## Overview of Standard Disclosure requirements

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

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

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

See [About this report](#) for more information on this review's reporting realm.

## GENERAL STANDARD DISCLOSURES

### GENERAL STANDARD DISCLOSURES

Standard Disclosure	Reference	Disclosure Requirements
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### STRATEGY AND ANALYSIS

G4-1	<a href="#">CEO statement: Operating margin target achieved for 2017</a>	CEO Statement about the relevance of sustainability to the organization and its strategy.
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### ORGANIZATIONAL PROFILE

G4-3	AB Electrolux (publ)	a. Report the name of the organization.
G4-4	Brand and design	a. Report the primary brands, products, and services.
G4-5	St Göransgatan 143, Stockholm, Sweden	a. Report the location of the organization's headquarters.
G4-6	Electrolux deems that sustainability issues relating to product and operations are equally as relevant in all markets where it operates.	The number of countries where the organization operates and significant operations or that are specifically relevant to the sustainability topics.
	<a href="#">About this report</a>	
G4-7	<a href="#">Ownership and structure</a>	a. Report the nature of ownership and legal form.
	<a href="#">Share capital and ownership (AR p86)</a>	
G4-8	Markets	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).
	<a href="#">Employees (AR p88)</a>	
G4-9	<a href="#">Electrolux 2017</a>	a. Report the scale of the organization, including: <ul style="list-style-type: none"><li>• Total number of employees</li><li>• Total number of operations</li><li>• Net sales (for private sector organizations) or net revenues (for public sector organizations)</li><li>• Total capitalization broken down in terms of debt and equity (for private sector organizations)</li><li>• Quantity of products or services provided</li></ul>
	<a href="#">Consolidated financial statements (AR p73)</a>	
	<a href="#">Consolidated balance sheet (AR p79)</a>	
	<a href="#">Change in consolidated equity (AR p81)</a>	

G4-10	Talent and teamship  Employees (AR p88)	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).
G4-11	G4-11	a. Report the percentage of total employees covered by collective bargaining agreements.
G4-12	Improve sustainability in the supply chain	a. Describe the organization's supply chain.
G4-13	About this report  Items affecting comparability (AR p105)	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.
G4-14	Management approach: Environment	a. Report whether and how the precautionary approach or principle is addressed by the organization.
G4-15	CEO Statement: Our transformation into a more purpose-driven company	CEO Statement about the relevance of sustainability to the organization and its strategy.
G4-16	Stakeholders inform our approach	Memberships of associations (such as industry associations) and national or international advocacy organizations.
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
G4-17	Consolidated financial statements (AR p73)  Note 1 Accounting principles (AR p96)	Consolidated financial statements and if an entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report
G4-18	Materiality process	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content
G4-19	Management approach: Environment and Social	a. List all the material Aspects identified in the process for defining report content
G4-20	About this report	The Aspect Boundary within the organization for each material Aspect
G4-21	About this report	The Aspect Boundary within the organization for each material Aspect
G4-22	About this report	a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.
G4-23	About this report	a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.

## STAKEHOLDER ENGAGEMENT

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

## REPORT PROFILE

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

## GOVERNANCE

G4-34 Committees of the Board (AR p159)  CEO Statement: a transformational driver for Electrolux	Governance structures, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.
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## ETHICS AND INTEGRITY

G4-56 Talent and teamwork  Our promises: Always act ethically and respect human rights	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.
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## ECONOMIC

### GENERAL STANDARD DISCLOSURES

Standard Disclosure	Reference	Disclosure Requirements	UN SDG
G4-DMA	Management approach	Generic Management Approach	
G4-EC1	G4-EC1	Direct economic value generated and distributed	2,7,9
G4-EC3	Post-employment benefits (AR p117)  Employees (AR p88)	Coverage of the organization's defined benefit plan obligations	

# ENVIRONMENT

## GENERAL STANDARD DISCLOSURES

Standard Disclosure	Reference	Disclosure Requirements	UN SDG
<b>ASPECT: MATERIALS</b>			
G4-DMA	Management approach: Environment	Generic Disclosures on Management Approach	
	Make better use of resources		
G4-EN1	G4-EN1	Materials used by weight or volume	8,12
G4-EN2X	Make better use of resources	Recycled material by weight	8,12
<b>ASPECT: ENERGY</b>			
G4-DMA	Management approach: Environment	Generic Disclosures on Management Approach	
	Achieve more with less		
G4-EN3	Achieve more with less	Energy consumption within the organization	7,13
	Energy consumption within the organization		
G4-EN5	Achieve more with less	Energy intensity	7,13
<b>ASPECT: WATER</b>			
G4-DMA	Management approach: Environment	Generic Disclosures on Management Approach	
G4-EN8	Achieve more with less	Total water withdrawal by source	6
	G4-EN8		
<b>ASPECT: EMISSIONS</b>			
G4-DMA	Management approach: Environment	Generic Disclosures on Management Approach	
G4-EN15	Achieve more with less	Direct greenhouse gas (GHG) emissions (Scope 1)	2,3,13,14,15
	G4-EN15 & G4-EN16		
G4-EN16	Achieve more with less	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	3,12,13,14,15
	Improve sustainability in the supply chain		
	G4-EN15 & G4-EN16		
G4-EN18	Achieve more with less	Greenhouse gas (GHG) emissions intensity	
G4-EN20	G4-EN20	Emissions of ozone-depleting substances (ODS)	3,12

#### ASPECT: EFFLUENTS AND WASTE

G4-DMA	<b>Management Approach:</b> Environment	Generic Disclosures on Management Approach	
G4-EN22X	<b>G4-EN22X</b>	Total water discharge by destination	3,6,12,14
G4-EN23	<b>G4-EN23</b>	Total weight of waste by type and disposal method	3,14
G4-EN24	<b>Sustainability and environmental facts (AR p90)</b>	Total number and volume of significant spills	

#### ASPECT: PRODUCTS AND SERVICES

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

#### ASPECT: COMPLIANCE

G4-DMA	<b>Management approach:</b> Environment	Generic Disclosures on Management Approach	
G4-EN29	<b>No significant fines or non-monetary sanctions have been identified as stated in the Board of Director's Report (AR p69)</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	

#### ASPECT: TRANSPORT

G4-EN30X	<b>Improve sustainability in the supply chain</b>	Impacts of transporting products
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#### ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT

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

# LABOR PRACTICES AND DECENT WORK

## GENERAL STANDARD DISCLOSURES

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

**ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES**

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

**ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS**

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

# HUMAN RIGHTS

## GENERAL STANDARD DISCLOSURES

Standard Disclosure	Reference	Disclosure Requirements	UN SDG
<b>ASPECT: INVESTMENT</b>			
G4-DMA	Management approach: Social  Always act ethically and respect human rights	Generic Disclosures on Management Approach	
<b>ASPECT: NON-DISCRIMINATION</b>			
G4-DMA	Management approach: Social  Always act ethically and respect human rights	Generic Disclosures on Management Approach	
G4-HR3	Always act ethically and respect human rights	Total number of incidents of discrimination and corrective actions taken	8,16
<b>ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
G4-DMA	Management approach: Social	General Disclosure on Management Approach	
G4-HR4	ALFA  Always act ethically and respect human rights  International Framework Agreement  Internal CoC audit findings  Understanding and managing our human rights risks	Measures taken to support operations' rights to exercise freedom of association and collective bargaining	8
<b>ASPECT: CHILD LABOR</b>			
G4-DMA	Management approach: Social  Improve sustainability in the supply chain	Generic Disclosures on Management Approach	

G4-HR5	Improve sustainability in the supply chain  Always act ethically and respect human rights  Risk Regions  ALFA  Internal CoC audit findings  Understanding and managing our human rights risks	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	8,16
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#### ASPECT: FORCED OR COMPULSORY LABOR

G4-DMA	Management approach: Social	Generic Disclosures on Management Approach	
G4-HR6	Always act ethically and respect human rights  Risk Regions  Understanding and managing our human rights risks  ALFA  Internal CoC audit findings	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	8

#### ASPECT: ASSESSMENT

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

#### ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT

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

#### ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS

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

# SOCIETY

## GENERAL STANDARD DISCLOSURES

Standard Disclosure	Reference	Disclosure Requirements	UN SDG
<b>ASPECT: LOCAL COMMUNITIES</b>			
G4-DMA	Be a force for good	Generic Disclosures on Management Approach	
G4-SO1	Be a force for good  Always act ethically and respect human rights  Understanding and managing our human rights risks	Operations with implemented local community engagement, impact assessments, and development programs.	
<b>ASPECT: ANTI-CORRUPTION</b>			
G4-DMA	Management approach: Social	Generic Disclosures on Management Approach	
	Always act ethically and respect human rights		
G4-SO4	Always act ethically and respect human rights	Communication and training on anti-corruption policies and procedures	16
G4-SO5	Always act ethically and respect human rights	Confirmed incidents of corruption and actions taken	
<b>ASPECT: PUBLIC POLICY</b>			
G4-DMA	Management approach: Social	Generic Disclosures on Management Approach	
G4-SO6	Code of Ethics: Political involvement (p3)	Monetary and in-kind political contributions. The Electrolux Group observes neutrality with regard to political parties and candidates. Neither the Electrolux name, nor any resources controlled by any Group companies, shall be used to promote the interests of political parties or candidates.	16
<b>ASPECT: ANTI-COMPETITIVE BEHAVIOR</b>			
G4-DMA	Management approach: Social	Generic Disclosures on Management Approach	
G4-SO7	Note 25, contingent liabilities (AR p122)	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	16

# UNGC Advanced-level reporting

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

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

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

The 2017 Sustainability Report and the 2017 Annual Report reflect our commitment to these principles and the efforts to continuously improve performance. The 2017 Sustainability Report is third party assured.

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



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

## Implementing the ten principles into strategies and operations

### UN Global Compact Advanced Criteria

**Criterion 1: The COP describes mainstreaming into corporate functions and business units**  
The following best practices are described in our COP

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

### References

CEO Statement: Our transformation into a more purpose-driven company

Management Approach

VP Statement: Embedding sustainability into our operations to drive performance

Key priorities and progress 2017

Understanding and managing our human rights risks

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

The following best practices are described in our COP

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

Value chain

Improve sustainability in the supply chain

Understanding and managing our human rights risks

# Human Rights Management Policies & Procedures

UN Global Compact Advanced Criteria	References
<p><b>Criterion 3:</b> The COP describes robust commitments, strategies or policies in the area of human rights</p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>• Commitment to comply with all applicable laws and respect internationally recognized human rights, wherever the company operates</li> <li>• Integrated or stand-alone statement of policy expressing commitment to respect and support human rights approved at the most senior level of the company</li> <li>• Statement of policy stipulating human rights expectations of personnel, business partners and other parties directly linked to operations, products or services</li> <li>• Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties</li> </ul>	Management Approach: Social  Code of Conduct  Always act ethically and respect human rights  Improve sustainability in the supply chain
<p><b>Criterion 4:</b> The COP describes effective <i>management systems</i> to integrate the human rights principles</p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>• Process to ensure that internationally recognized human rights are respected</li> <li>• On-going due diligence process that includes an assessment of actual and potential human rights impacts</li> <li>• Internal awareness-raising and training on human rights for management and employees</li> <li>• Operational-level grievance mechanisms for those potentially impacted by the company's activities</li> <li>• Allocation of responsibilities and accountability for addressing human rights impacts</li> <li>• Internal decision-making, budget and oversight for effective responses to human rights impacts</li> <li>• Processes to provide for or cooperate in the remediation of adverse human rights impacts that the company has caused or contributed to</li> <li>• Process and programs in place to support human rights through: core business; strategic philanthropic/social investment; public policy engagement/advocacy; partnerships and/or other forms of collective action</li> </ul>	Understanding and managing our human rights risks  Always act ethically and respect human rights  Management approach: Social  Be a force for good  An eye on human rights  Taking action on food
<p><b>Criterion 5:</b> The COP describes effective <i>monitoring and evaluation mechanisms</i> of human rights integration</p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>• System to monitor the effectiveness of human rights policies and implementation with quantitative and qualitative metrics, including in the supply chain</li> <li>• Monitoring drawn from internal and external feedback, including affected stakeholders</li> <li>• Leadership review of monitoring and improvement results</li> <li>• Process to deal with incidents the company has caused or contributed to for internal and external stakeholders</li> <li>• Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue</li> <li>• Outcomes of integration of the human rights principles</li> </ul>	Auditing and monitoring  Improve sustainability in the supply chain  Stakeholders inform our approach  Always act ethically and respect human rights  Understanding and managing our human rights risks

# Robust Labour Management Policies & Procedures

## UN Global Compact Advanced Criteria

## References

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

The following best practices are described in our COP

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

Code of Conduct

Understanding and managing our human rights risks

Always act ethically and respect human rights

Improve sustainability in the supply chain

International Framework Agreement

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

The following best practices are described in our COP

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

Understanding and managing our human rights risks

Stakeholders inform our approach

Always act ethically and respect human rights

Management approach

Improve sustainability in the supply chain

An Eye on Human Rights

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

The following best practices are described in our COP

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

Always act ethically and respect human rights

Management approach

Stakeholders inform our approach

Improve sustainability in the supply chain

Auditing and monitoring

ALFA

Internal code of conduct audit findings

# Environmental Management Policies and Procedures

UN Global Compact Advanced Criteria	References
<p><b>Criterion 9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship</b></p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>• Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development)</li> <li>• Reflection on the relevance of environmental stewardship for the company.</li> <li>• Written company policy on environmental stewardship</li> <li>• Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners</li> <li>• Specific commitments and goals for specified year</li> </ul>	Constantly improve product performance and efficiency Make better use of resource Eliminate harmful materials Achieve more with less Our climate targets Management approach: Environment Value chain Environmental policy Improve sustainability in the supply chain
<p><b>Criterion 10: The COP describes effective management systems to integrate the environmental principles</b></p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>• Environmental risk and impact assessments</li> <li>• Assessments of lifecycle impact of products, ensuring environmentally sound management policies</li> <li>• Allocation of responsibilities and accountability within the organization</li> <li>• Internal awareness-raising and training on environmental stewardship for management and employees</li> <li>• Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts</li> </ul>	Management approach: Environment Auditing and monitoring Sustainability reporting 2017 (AR p138) Always act ethically and respect human rights
<p><b>Criterion 11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship</b></p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>• System to track and measure performance based on standardized performance metrics</li> <li>• Leadership review of monitoring and improvement results</li> <li>• Process to deal with incidentsAudits or other steps to monitor and improve the environmental performance of companies in the supply chain</li> <li>• Outcomes of integration of the environmental principles</li> <li>• Audits or other steps to monitor and improve the environmental performance of companies in the supply chain</li> </ul>	VP Statement: Embedding sustainability into our operations to drive performance CEO Statement: Our transformation into a more purpose-driven company Improve sustainability in the supply chain Auditing and monitoring ALFA Internal code of conduct audit findings Constantly improve product performance and efficiency Make better use of resources Eliminate harmful materials Achieve more with less

# Anticorruption management policies and procedures

UN Global Compact Advanced Criteria	References
<p><b>Criterion 12:</b> The COP describes robust commitments, strategies or policies in the area of anti-corruption</p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"><li>• Publicly stated formal policy of zero-tolerance of corruption</li><li>• Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes</li><li>• <i>Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption</i></li><li>• <i>Detailed policies for high-risk areas of corruption</i></li><li>• Policy on anticorruption regarding business partners</li></ul>	<p>Code of Conduct</p> <p>Understanding and managing our human rights risks</p> <p>Always act ethically and respect human rights</p>
<p><b>Criterion 13:</b> The COP describes effective management systems to integrate the anti-corruption principle</p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"><li>• <i>Support by the organization's leadership for anti-corruption</i></li><li>• Carrying out risk assessment of potential areas of corruption</li><li>• Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees</li><li>• <i>Internal checks and balances to ensure consistency with the anticorruption commitment</i></li><li>• <i>Actions taken to encourage business partners to implement anti-corruption commitments</i></li><li>• Management responsibility and accountability for implementation of the anti-corruption commitment or policy</li><li>• Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice</li><li>• Internal accounting and auditing procedures related to anticorruption</li></ul>	<p>Understanding and managing our human rights risks</p> <p>Always act ethically and respect human rights</p> <p>Auditing and monitoring</p> <p>Improve sustainability in the supply chain</p>
<p><b>Criterion 14:</b> The COP describes effective <i>monitoring and evaluation mechanisms</i> for the integration of anti-corruption</p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"><li>• Leadership review of monitoring and improvement results</li><li>• Process to deal with incidents Public legal cases regarding corruption</li><li>• <i>Use of independent external assurance of anti-corruption programmes</i></li><li>• Outcomes of integration of the anti-corruption principle</li></ul>	<p>Always act ethically and respect human rights</p> <p>Management approach: Social</p> <p>Note 24 Other liabilities (AR p121)</p> <p>ALFA</p> <p>Interal Code of Conduct audit findings</p> <p>Understanding and managing our human rights risks</p>

# Taking action in support of broader UN goals and issues

UN Global Compact Advanced Criteria	Reference
<b>Criterion 15: The COP describes core business contributions to UN goals and issues</b> The following best practices are described in our COP <ul style="list-style-type: none"><li>• Align core business strategy with one or more relevant UN goals/issues</li><li>• Develop relevant products and services or design business models that contribute to UN goals/issues</li><li>• Adopt and modify operating procedures to maximize contribution to UN goals/issues</li></ul>	Solutions for healthy and sustainable living for more people  Be a force for good  Electrolux and the UN Sustainable Development Goals (SDGs)  Constantly improve product performance and efficiency
<b>Criterion 16: The COP describes strategic social investments and philanthropy</b> The following best practices are described in our COP <ul style="list-style-type: none"><li>• Pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy</li><li>• Coordinate efforts with other organizations and initiatives to amplify—and not negate or unnecessarily duplicate—the efforts of other contributors</li><li>• <i>Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups</i></li></ul>	Be a force for good  Taking action on food  Food foundation
<b>Criterion 17: The COP describes advocacy and public policy engagement</b> The following best practices are described in our COP <ul style="list-style-type: none"><li>• Publicly advocate the importance of action in relation to one or more UN goals/issues</li><li>• Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues</li></ul>	Be a force for good  Electrolux Food Foundation  Leading the fight on climate change  Executive Statements  Supporting energy efficiency in emerging markets
<b>Criterion 18: The COP describes partnerships and collective action</b> The following best practices are described in our COP <ul style="list-style-type: none"><li>• Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy</li><li>• Join industry peers, UN entities and/or other stakeholders in initiatives contributing to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives extending the company's positive impact on its value chain</li></ul>	Be a force for good  Taking action on food  Food foundation

# Corporate sustainability governance and leadership

UN Global Compact Advanced Criteria	Reference
<b>Criterion 19: The COP describes CEO commitment and leadership</b> The following best practices are described in our COP	<b>CEO Statement: Our transformation into a more purpose-driven company</b>
<ul style="list-style-type: none"> <li>• CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact</li> <li>• CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards</li> <li>• CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation</li> <li>• Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team</li> </ul>	<b>Executive Statements</b>
	<b>Electrolux Food Foundation</b>
<b>Criterion 20: The COP describes Board adoption and oversight</b> The following best practices are described in our COP	<b>CEO Statement: Our transformation into a more purpose-driven company</b>
<ul style="list-style-type: none"> <li>• Board of Directors (or equivalent) assumes responsibility and oversight for long-term corporate sustainability strategy and performance</li> <li>• Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability.</li> <li>• Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress)</li> </ul>	<b>Sustainability reporting 2017 (AR p138)</b>
<b>Criterion 21: The COP describes stakeholder engagement</b> The following best practices are described in our COP	<b>Stakeholders inform our approach</b>
<ul style="list-style-type: none"> <li>• Publicly recognize responsibility for the company's impacts on internal and external stakeholders</li> <li>• Define sustainability strategies, goals and policies in consultation with key stakeholders</li> <li>• Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance</li> <li>• Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'</li> </ul>	<b>Value chain</b>  <b>Always act ethically and respect human rights</b>

# UN Guiding Principles Reporting Framework

## POLICY COMMITMENT

A1 What does the company say publicly about its commitment to respect human rights?	Codes and policies Code of Conduct Always act ethically and respect human rights
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## EMBEDDING RESPECT FOR HUMAN RIGHTS

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

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

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

## PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES

### SPECIFIC POLICIES

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

C2 What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?	Materiality process Stakeholders inform our approach
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## ASSESSING IMPACTS

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

Materiality process

Understanding and managing our human rights risks

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## INTEGRATING FINDINGS AND TAKING ACTION

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

Managing sustainability risks

Management approach: Social

Always act ethically and respect human rights

Improve sustainability in the supply chain

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## TRACKING PERFORMANCE

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

Auditing and monitoring

Internal Code of Conduct audit findings

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## REMEDIATION

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

Always act ethically and respect human rights

Auditing and monitoring

Improve sustainability in the supply chain

## Awards and recognition

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

### Dow Jones Sustainability World Index

Electrolux has been named Industry Leader of the Household Durables category in the Dow Jones Sustainability World Index (DJSI World). It is the eleventh consecutive year that Electrolux receives this recognition in the assessment, which is published by RobecoSAM. Particular areas of strengths in the Electrolux results include codes of business conduct, eco-efficiency, and corporate citizenship.

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

### RobecoSAM

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

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

### CDP Climate A List

Electrolux has been named one of the top 5 % corporate global leaders acting against climate change. The company has been awarded a position on the 2017 Climate A List by CDP, the international non-profit.

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

MEMBER OF

**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



**ROBECOSAM**  
Sustainability Award  
Gold Class 2018



## 2017 Global RepTrak100

Ranking as the 73th world's most reputable company, Electrolux is included in the 2017 Global RepTrak® 100. The Global RepTrak® 100 is an annual study conducted by the Reputation Institute to measure a company's ability to deliver on stakeholder expectations in seven key dimensions. It ranks the world's 100 most highly regarded and familiar global companies in 15 countries. Electrolux is #72 in the CSR RepTrak® 100, which reflects performance in citizenship, governance and workplace dimensions.

## Stoxx

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



## Global Compact 100

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

## SustainAlytics

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



## FTSE4Good

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



FTSE4Good

## Oekom Prime status

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



## Ethibel Sustainability Index Excellence Europe

Electrolux B has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe since 20/09/2017.



## Ethibel Excellence Investment Register

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



## Transparency in the supply chain

Please find Electrolux statement on the California Transparency in the Supply Chains Act and the UK Modern Slavery Act at: [Transparency in the supply chain](#)

## G4-10 Total workforce by employment type contract

### Employment type by contract

	Full time Indefinite	Part time Indefinite	Total Indefinite	Full time Temporary	Part time Temporary	Total Temporary	Total All
Electrolux White	11,290	387	11,677	1,708	14	1,722	13,399
Electrolux Blue	29,736	837	30,573	3,899	166	4,065	34,638
Supervised	2,076	3	2,079	755	23	778	2,857
<b>Total</b>	<b>43,102</b>	<b>1,227</b>	<b>44,329</b>	<b>6,362</b>	<b>203</b>	<b>6,565</b>	<b>50,894</b>

Number of employees at Year end:	56,708
Coverage of reporting:	90%

### Average number of employees per region

	2017	2016	2015	2014	2013
Europe, Middle East and Africa	24,792	24,290	24,795	25,768	27,655
North America	9,755	10,064	9,933	10,702	9,923
Latin America	15,975	16,218	18,325	18,478	18,242
Asia/Pacific	5,170	4,828	5,212	5,090	4,934
	<b>55,692</b>	<b>55,400</b>	<b>58,265</b>	<b>60,038</b>	<b>60,754</b>

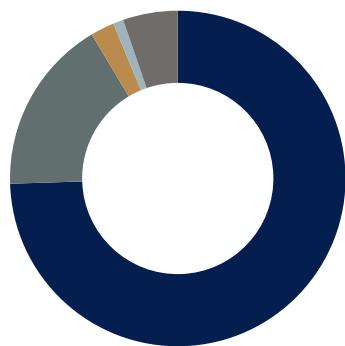
## G4-11 Employees covered by collective bargaining

	2017	2016	2015	2014	2013
G4-11 Employees covered by collective bargaining (%) <sup>1)</sup>	58%	57%	59%	63%	63%

1) 21,087 of 36,149 Employees at manufacturing facilities were covered by collective bargaining agreements during 2017.

## G4-EC1

### Direct economic value generated



- Operating costs 74.8%
- Employee wages and benefits 17%
- Payments to providers of capital<sup>1)</sup> 2.3%
- Payments to government 1.0%
- Economic value retained 5.3%

1) In addition, share buy-back or redemption of shares.

## G4-EN1

### Material used by weight [tonnes]

	Metals <sup>1, 2</sup>	Plastics <sup>1, 2</sup>	Articles <sup>1, 2</sup>	Process material <sup>2</sup>	Others <sup>1, 2</sup>	Packaging products <sup>1, 3</sup>	Packaging suppliers <sup>3</sup>	Reusable Packaging <sup>2</sup>
2017	867,115	367,496	271,355	54,215	361,370	100,930	27,333	10,767
2016	874,240	365,643	206,692	39,297	164,801	114,201	37,436	7,863
2015	905,509	379,617	255,043	34,736	181,588	119,161	37,890	9,128
2014	948,206	288,687	228,523	36,472	204,356	94,380	23,917	9,633
2013	946,706	414,496	245,953	36,154	292,330	85,846	14,983	5,001

1) Direct material

2) Non-renewable

3) Approximately 55% non-renewable

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

Year	Oil	Coal	Natural gas	LPG	District heating	District cooling	Steam	Electricity	Renewables	Total
2017	14,830	0	1,501,205	63,786	52,338	7,259	926	1,424,300	846,121	3,910,766
2016	18,023	0	1,478,737	95,872	68,313	7,438	981	1,784,351	588,173	4,041,887
2015	20,059	0	1,540,830	105,654	61,886	7,132	2,459	2,482,179	0	4,220,199
2014	20,935	0	1,605,591	165,127	57,691	7,427	2,704	2,514,975	0	4,374,450
2013	41,044	0	1,747,215	157,780	53,880	7,513	2,773	2,518,925	0	4,529,129

## G4-EN8 Total water withdrawal by source in m3/year

Year	Surface water	Ground water	Rainwater	Wastewater from other org	Municipal water	Total water withdrawal
2017	71,627	1,766,107	6,219	6,748	1,638,101	3,488,802
2016	77,323	2,487,081	5,962	27,344	1,680,074	4,277,784
2015	129,089	2,292,958	4,938	24,672	1,622,805	4,074,462
2014	182,078	2,483,112	5,155	32,099	1,700,681	4,403,125
2013	299,465	2,785,591	5,635	73,309	1,673,246	4,837,246

## G4-EN15 & G4-EN16

Direct and Indirect greenhouse gas (GHG) emissions (Tonnes CO<sub>2</sub>)

	Direct CO <sub>2</sub> emissions (kTonnes)	Indirect CO <sub>2</sub> emissions (kTonnes)	Fugitive emissions CO <sub>2</sub> eq emissions (kTonnes)	Total CO <sub>2</sub> (kTonnes)
2017	80	155	257	492
2016	83	201	211	495
2015	85	288	266	639
2014	89	284	246	619
2013	96	286	274	656

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

Year	Production	Refrigerant	Foaming	Total [kg CFC eq]
2017	1	17	361	379
2016	35	24	246	305
2015	72	16	246	334
2014	60	63	1,018	1,141
2013	107	61	230	398

Ozone depeleting emissions from cooling in facilities, refrigerants in products and foaming of insulation.

## G4-EN22X Total water discharge by destination [m<sup>3</sup>/year]

Year	Municipal		Other recipients	
	Untreated	Pre-treated	Untreated	Pre-treated
2017	1,819,553	367,748	965,130	292,004
2016	1,508,647	204,300	1,227,639	301,892
2015	1,897,303	187,827	1,166,629	430,337
2014	2,384,211	265,472	1,180,719	387,136
2013	1,638,043	388,048	1,247,808	1,389,240

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

Year	Non-hazardous waste					
	Hazardous waste	Composting	Recycling	Incineration	Landfill	Deep well injection
2017	3,003	285	134,047	876	7,124	0
2016	2,374	92	131,401	336	6,710	0
2015	2,978	66	146,567	1,616	8,270	0
2014	3,332	137	110,678	1,129	12,087	0
2013	3,693	188	141,581	483	14,077	0

Group waste data consolidated from facility level reporting.

## G4-LA1X

Total number and rates of new employee hires and employee turnover by age group, gender and region

2017	<30 years		30-50 years		>50 years		Total Male leaving	Total Female leaving
	Male Leaving	Female Leaving	Male Leaving	Female Leaving	Male Leaving	Female Leaving		
Asia Pacific	206	118	111	72	24	11	341	201
EMEA	706	409	787	569	246	197	1,739	1,175
Latin America	239	71	299	96	39	8	577	175
North America	1,338	1,130	943	837	157	82	2,438	2,049
<b>Total:</b>	<b>2,489</b>	<b>1,728</b>	<b>2,140</b>	<b>1,574</b>	<b>466</b>	<b>298</b>	<b>5,095</b>	<b>3,600</b>
Rate of turnover per total employees at year end (LAI)	4%	3%	4%	3%	1%	1%	9%	6%

Employees at year end: 56,708

	2017	2016	2015	2014	2013
Total employees - Male	26,728	23,485	29,465	28,258	33,195
Total employees - Female	15,988	14,984	17,491	15,258	16,800
Employee turnover - All employees (%)	20%	21%	32%	27%	14%
Employee turnover - Male (%)	19%	20%	32%	27%	16%
Employee turnover - Female (%)	23%	22%	32%	27%	12%

Please see About this report for scope of LA1x data. Sites with less than 30 employees are not required to report.

## G4-LA6X

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

	2017	2016	2015	2014	2013
Number of work-related injuries	246	247	386	401	434
Injury rate <sup>1</sup>	0.58	0.7	0.9	0.9	1
Number of workdays lost due to occupational injuries	2,707	3,814	4,729	3,088	5,677
Lost day rate <sup>1</sup>	6	9	11	7	13
Number of work-related fatalities	0	0	1	0	0

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

2017	Number of work-related injuries	Injury rate <sup>1</sup>	Number of workdays lost due to occupational injuries	Lost day rate <sup>1</sup>	Number of work-related fatalities
Asia Pacific	12	0,37	11	0,34	0
EMEA	96	0,60	1,766	11,02	0
Latin America	49	0,51	674	7,01	0
North America	89	0,66	256	1,90	0
Grand Total	246	0,58	2707	6	0

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

# G4-LA9X

## Training 2017

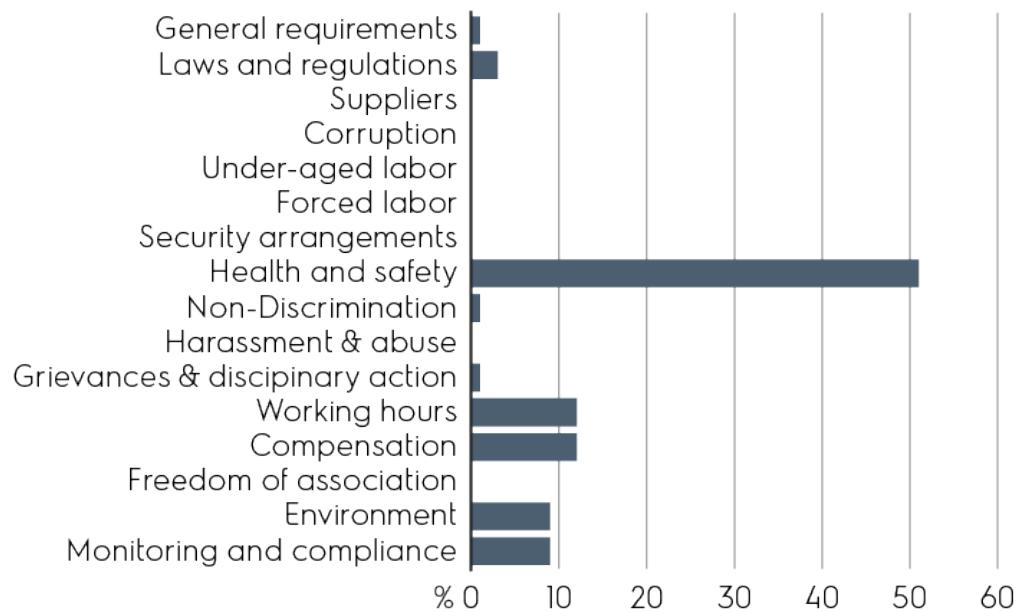
Region	Average hours of training per year per employee	Average hours of training per year per male	Average hours of training per year per female
Asia/Pacific	N/A	N/A	N/A
EMEA	6	6.6	5
Latin America	9	10.5	5.7
North America	9	N/A	N/A
<b>Average</b>	<b>7</b>	<b>8.6</b>	<b>5.4</b>

# ALFA assessments of the Code of Conduct



Rate of Code of Conduct implementation per area.

## Internal Code of Conduct audit findings



Rate of Code of Conduct audit findings per area.

## Appendix



## Electrolux Facilities

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### Risk

Argentina  
Brazil  
China  
Egypt  
Mexico  
Romania  
South Africa  
Thailand  
Ukraine



### Suppliers

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Argentina	
Bahrain	
Belarus	Morocco
Brazil	Philippines
Bulgaria	Philippines
Cambodia	Russia
Chile	Saudi Arabia
China	Singapore
Dominican Republic	South Africa
Egypt	Taiwan
Hong Kong (China)	Thailand
India	Tunisia
Indonesia	Turkey
Kuwait	Ukraine
Malaysia	United Arab Emirates
Mexico	Vietnam

Electrolux manufacturing or supplier countries with risk for violations in the areas of human rights, labor, anti-corruption and environmental practices. The classification is based on Verisk Maplecroft's risk index matrices, together with an internal risk evaluation of social, labor and environmental risk based on historic evidence and industry knowledge that in some instances leads to upgrading the risk level.