



Corporate governance report 2018

Corporate governance report

Chairman's introduction

As a leading global appliance company, Electrolux shapes living for the better by reinventing taste, care and wellbeing experiences to make life more enjoyable and sustainable for millions of people. Through the Group's different brands, we sell more than 60 million household and professional products in more than 150 markets every year. Our large installed base of 400 million products globally gives us high aftermarket sales potential.



The global landscape in which Electrolux operates is changing. Demographic trends are increasing pressure on resources, rapid technological development requires new business approaches, and climate and resource concerns are influencing decision making at all levels. Such global trends create challenges for the business but also business opportunities for driving profitable growth.

Board's focus areas during the year

The Board sets the Group's strategy and provides the governance framework within which the CEO and the Group Management are mandated to drive the business. To be able to steer the Group and support the Group Management, the Board needs to have a firm grasp of the operational business drivers while also monitoring macro trends. In June, the Board combined visits to Electrolux sites in Italy with a two day board meeting focused on discussing the strategy and drivers for value creation. By visiting the Group's sites the Board gets a firsthand understanding of the business which is essential when setting the strategy and evaluating investments and acquisitions.

An important driver for executing on our profitable growth strategy is increasing the level of modularized products in automated production. Investments in this area strengthen Electrolux competitiveness through innovative offerings focusing on consumer experiences and at the same time increase our efficiency. During the year, investments have been a focus area for the Board as well as initiating the work to evaluate and prepare for the intended separation of our Professional Products business area from the Group, which was announced on January 31, 2019. The Board believes that Electrolux Professional has significant potential for long-term value creation as an agile stand-alone company, which can pursue growth through market consolidation and innovation, and that Electrolux core consumer business also stands to benefit both in terms of growth and margins from a sharpened focus on consumer experience innovation, the aftermarket and emerging markets. The Board expects to provide an update on the preparations and a more detailed time plan around mid-year 2019.

To support the profitable growth ambitions the Board approved several important acquisitions, such as strengthening the beverage offering for Professional Products through the SPM Drink Systems acquisition as well as adding functional sales expertise through the Schneidereit acquisition.

A new Code of Conduct

During 2018, the Board endorsed a new Code of Conduct, which together with the Group policies, are key pillars in our global, decentralized organization. With the Code of Conduct and our other Group policies, we strengthen our corporate culture to ensure that we act consistently and with high ethical standards globally even in countries where local legislation may be weaker. Electrolux has an agile organization, with a strong corporate culture, able to swiftly take advantage of opportunities while acting responsibly and sustainably.

The Corporate governance report

This Corporate Governance Report provides more details of the overall governance structure of Electrolux, the interactions between the formal corporate bodies, internal policies and procedures as well as relevant control functions and reporting, which all combined ensure a robust global governance framework and strong corporate culture.

As newly elected Chairman of Electrolux, I have this first year focused on getting a deeper knowledge about the company and its markets. This has included a close and frequent dialogue with the CEO and his team during the year but also several visits to our operations in Sweden, Germany, Italy, the U.S., Brazil and Thailand. This has given me a chance to get a firsthand impression and to liaise with many engaged, committed and devoted members of our organization. I am confident in our ability to create consumer and shareholder value in the years to come. To continue to stay competitive in a changing market, we are sharpening our offering, organization and business model. All together this will serve us well.

Staffan Bohman
Chairman of the Board

Governance in Electrolux

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

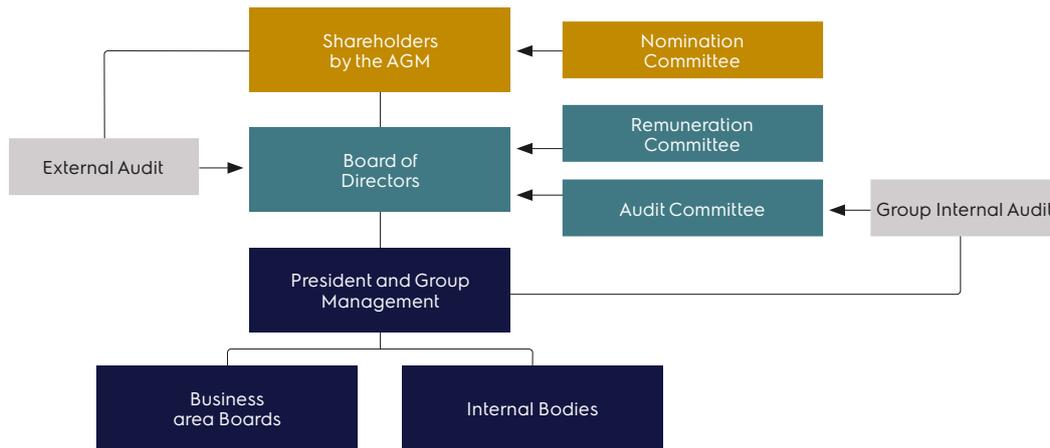
The Electrolux Group comprises approximately 160 companies with sales in more than 150 markets. The parent company of the Group is AB Electrolux, a public Swedish limited liability company. The company’s shares are listed on Nasdaq Stockholm.

The governance of Electrolux is based on the Swedish Companies Act, Nasdaq Stockholm’s rule book for issuers and the Swedish Code of Corporate Governance (the “Code”), as well as other relevant Swedish and foreign laws and regulations. The Code is published on the website of the Swedish Corporate Governance Board, which administrates the Code: www.corporategovernanceboard.se

This corporate governance report has been drawn up as a part of Electrolux application of the Code. Electrolux does not report any deviations from the Code in 2018. There has been no infringement by Electrolux of applicable stock exchange rules and no breach of good practice on the securities market reported by the disciplinary committee of Nasdaq Stockholm or the Swedish Securities Council in 2018.

Below is Electrolux formal governance structure.

GOVERNANCE STRUCTURE



Major external regulations

- Swedish Companies Act.
- Nasdaq Stockholm’s rule book for issuers.
- Swedish Code of Corporate Governance.

Major internal regulations

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

Electrolux shapes living for the better by reinventing taste, care and wellbeing experiences, making life more enjoyable and sustainable for millions of people. As a leading global appliance company, we place the consumer at the heart of everything we do. Through our brands, including Electrolux, AEG and Frigidaire, we sell more than 60 million household and professional products in more than 150 markets every year. In 2018, Electrolux had sales of SEK 124bn and employed 54,000 people around the world. For more information, go to: www.electroluxgroup.com

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

Highlights 2018

- Election of Staffan Bohman as a new Board member and Chairman of the Board.
- Election of Deloitte AB as new auditors.
- Performance-based, long-term incentive program for senior management.
- Continued focus on global ethics program and the implementation of a new Code of Conduct.

Shares and shareholders

The Electrolux share is listed on Nasdaq Stockholm. At year-end 2018, Electrolux had 49,870 shareholders according to Euroclear Sweden AB and Holdings. Of the total share capital, 56% was owned by Swedish institutions and mutual funds, 38% by foreign investors and 6% by Swedish private investors, see below. Investor AB is the largest shareholder, holding 16.4% of the share capital and 28.4% of the voting rights. The ten largest shareholders accounted for 42.5% of the share capital and 53.1% of the voting rights in the company.

Voting rights

The share capital of Electrolux consists of Class A shares and Class B shares. One A share entitles the holder to one vote and one B share to one-tenth of a vote. Both A shares and B shares entitle the holders to the same proportion of assets and earnings and carry equal rights in terms of dividends. Owners of A shares can request to convert their A shares into B shares. Conversion reduces the total number of votes in the company. As of December 31, 2018, the total number of registered shares in the company amounted to 308,920,308 shares, of which 8,192,539 were Class A shares and 300,727,769 were Class B shares. The total number of votes in the company was 38,265,316. Class B shares represented 78.6% of the voting rights and 97.3% of the share capital.

Dividend policy

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

The Annual General Meeting (AGM) in April 2018 decided to adopt the Board's proposed dividend of SEK 8.30 per share for the fiscal year 2017 which, in accordance with the Board's proposal, was paid out in two equal installments. The Board of Directors proposes a dividend for the fiscal year 2018 of SEK 8.50 per share to be paid in two equal installments, for a total dividend payment of approximately SEK 2,443m.

Shareholders meeting

General Meetings of shareholders

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

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

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

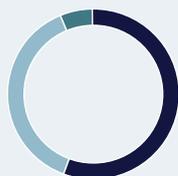
Individual shareholders requesting that a specific issue be included in the agenda of a shareholders' meeting can normally request the Electrolux Board to do so. The last date for making such a request for the respective meeting will be published on the Group's website.

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

Annual General Meeting 2018

The 2018 AGM was held at the Stockholm Waterfront Congress Centre in Stockholm, Sweden, on April 5, 2018. 1,129 shareholders representing a total of 47.1% of the share capital and 60.3% of the votes were represented at the AGM. The President's speech was broadcasted live via the Group's website and is also available on www.electroluxgroup.com/corporate-governance, together with the minutes. The meeting was held in Swedish, with simultaneous interpretation into English. All Board members, as well as the Group's auditor in charge, were present at the meeting.

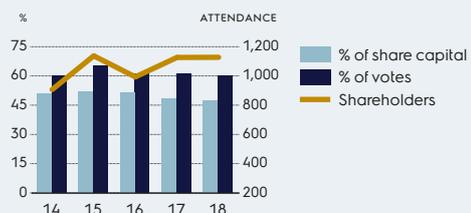
OWNERSHIP STRUCTURE



Source: Euroclear Sweden and Holdings as per December 31, 2018.

The foreign ownership has decreased to 38% at year-end 2018 from 51% at year-end 2017. Foreign investors are not always recorded in the share register. Foreign banks and other custodians may be registered for one or several customers' shares, and the actual owners are then usually not displayed in the register. For additional information regarding the ownership structure, see above. The information on ownership structure is updated quarterly on the Group's website: www.electroluxgroup.com/corporate-governance

ATTENDANCE AT AGMS 2014-2018



1,129 shareholders representing a total of 47.1% of the share capital and 60.3% of the votes were present at the 2018 AGM.

Decisions at the Annual General Meeting 2018 included:

- Dividend payment of SEK 8.30 per share for fiscal year 2017 to be paid out in two equal installments of SEK 4.15 per share.
- Election of Staffan Bohman as new Board member and re-election of the Board members Petra Hedengran, Hasse Johansson, Ulla Litzén, Bert Nordberg, Fredrik Persson, David Porter, Jonas Samuelson, Ulrika Saxon and Kai Wärn.
- Election of Staffan Bohman as Chairman of the Board, replacing Ronnie Leten who had declined re-election.
- Change of the company's Articles of Association.
- Election of Deloitte AB as new auditors.
- Remuneration to the Board members.
- Approval of remuneration guidelines for Electrolux Group Management.
- Performance-based, long-term incentive program for 2018 covering up to 350 managers and key employees.
- Authorization to acquire own shares and to transfer own shares on account of company acquisitions and to cover costs that may arise as a result of the share program for 2016.

Annual General Meeting 2019

The next AGM of AB Electrolux will be held on Wednesday, April 10, 2019, at Stockholm Waterfront Congress Centre in Stockholm, Sweden.

For additional information on the next AGM and how to register attendance, see page 120.

Nomination Committee**Nomination Committee**

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

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

The Nomination Committee is assisted in preparing proposals for auditors by the company's Audit Committee and

the Nomination Committee's proposal is to include the Audit Committee's recommendation on the election of auditors.

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

Nomination Committee for the AGM 2018

The Nomination Committee for the AGM 2018 was comprised of six members. Johan Forssell of Investor AB led the Nomination Committee's work.

For the proposal for the AGM 2018, the Nomination Committee made an assessment of the composition and size of the current Board as well as the Electrolux Group's operations. Areas of particular interest were Electrolux strategies and goals and the demands on the Board that are expected from the Group's positioning for the future. The Nomination Committee applied rule 4.1 of the Code as diversity policy in its nomination work. The Nomination Committee considered that a breadth and variety as regards age, nationality, educational background, gender, experience, competence and term of office is represented among the Board members.

The Chairman of the Board, Ronnie Leten, had declined re-election and the Nomination Committee proposed Staffan Bohman as new Board member and as Chairman of the Board. After the election at the AGM 2018, three out of nine Board members elected at the shareholders' meeting are women (in this calculation, the President has not been included in the total number of Board members).

The Nomination Committee also proposed, in accordance with the recommendation by the Audit Committee, election of Deloitte AB as the company's new auditors for the period until the end of the AGM 2019.

A report regarding the work of the Nomination Committee was included in the Nomination Committee's explanatory statement that was published before the AGM 2018. Further information regarding the Nomination Committee and its work can be found on the Group's website:

www.electroluxgroup.com/corporate-governance

Nomination Committee for the AGM 2019

The Nomination Committee for the AGM 2019 is based on the ownership structure as of August 31, 2018, and was announced in a press release on September 26, 2018.

The Nomination Committee's members are:

- Johan Forssell, Investor AB, Chairman
- Kaj Thorén, Alecta
- Marianne Nilsson, Swedbank Robur Funds
- Carine Smith Ihenacho, Norges Bank Investment Management
- Staffan Bohman, Chairman of Electrolux
- Fredrik Persson, Board member of Electrolux

The AGM resolves upon:

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

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

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

Board of Directors

The Board of Directors

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

Composition of the Board

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

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

All current members of the Board, except for the President, are non-executive members. One of the ten Board members, who are elected by the AGM, is not a Swedish citizen.

For additional information regarding the Board of Directors, see pages 112–113. The information is updated regularly at the Group's website: www.electroluxgroup.com

Independence

The Board is considered to be in compliance with relevant requirements for independence. The assessment of each Board member's independence is presented in the table on page 113.

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

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

The Board's tasks

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

Working procedures and Board meetings

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

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

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

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

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

The Board's work in 2018

During the year, the Board held eight meetings. All meetings except one were held in Stockholm, Sweden. The attendance of each Board member at these meetings is shown in the table on page 113.

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

Each scheduled Board meeting includes a review of the Group's results and financial position, as well as the outlook for the forthcoming quarters, as presented by the President. The meetings also deal with investments and the establishment of new operations, as well as acquisitions and divestments. The Board decides on all investments exceeding SEK 100m and receives reports on all investments exceeding SEK 25m.

Normally, the head of a business area also reviews a current strategic issue at the meeting. For an overview of how the Board's work is spread over the year, see the table on pages 106–107.

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

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

Remuneration to the Board of Directors 2016–2018 (applicable as from the respective AGM)

SEK	2018	2017	2016
Chairman of the Board	2,150,000	2,075,000	2,030,000
Board member	600,000	580,000	560,000
Chairman of the Audit Committee	260,000	250,000	250,000
Member of the Audit Committee	140,000	120,000	95,000
Chairman of the Remuneration Committee	125,000	125,000	120,000
Member of the Remuneration Committee	75,000	75,000	60,000

Key focus areas for the Board during 2018

- Dividend payment for the fiscal year 2017.
- Adapting Electrolux strategy and business model to global industry drivers such as digitalization, consolidation, increased consumer power, sustainability and a growing middle class.
- Initiating the work to evaluate and prepare for a potential separation of Professional Products business area from the Group.
- Investments in manufacturing for increased cost efficiency, through automation and digitalization, mainly in North America and Latin America.
- Acquisitions to broaden Electrolux offering:
 - Schneidereit GmbH, a supplier of professional laundry rental solutions in Germany and Austria.
 - SPM Drink Systems, an Italian based manufacturer of professional dispensers for beverages and ice-cream.
- Divestment of the U.S. commercial and central vacuum cleaner businesses in North America.

Ensuring quality in financial reporting

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

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

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

other member of Group Management. The external auditors also attend the meetings of the Audit Committee.

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

Board work evaluation

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

In 2018, Board members responded to written questionnaires. As part of the evaluation process, the Chairman also had individual discussions with Board members. The evaluations were discussed at a Board meeting.

The result of the evaluations was presented for the Nomination Committee.

Fees to Board members

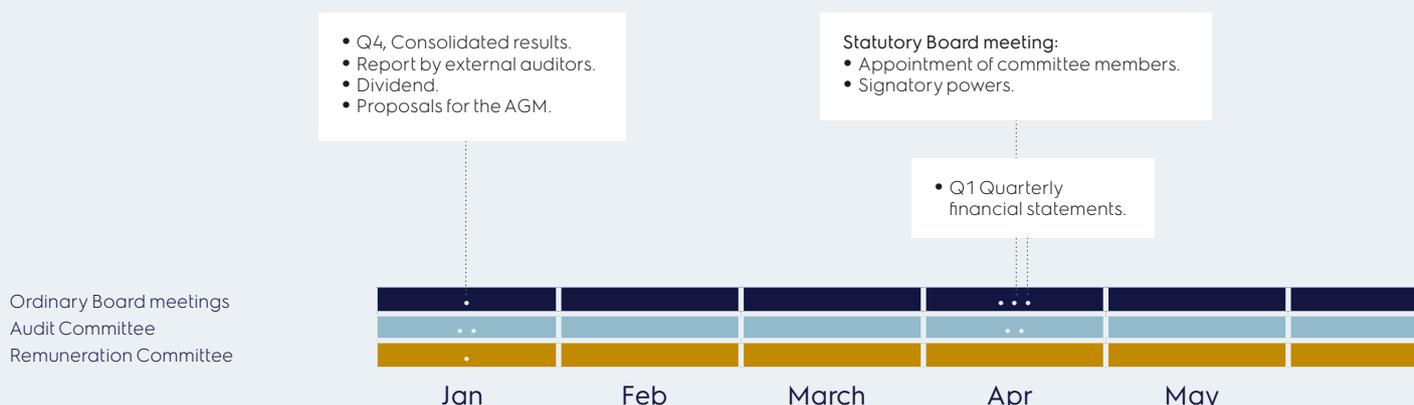
Fees to Board members is determined by the AGM and distributed to the Board members who are not employed by Electrolux. The fees to the Chairman and the Board members was revised during 2018, see page 105.

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

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

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

OVERVIEW OF VARIOUS ITEMS ON THE BOARD'S AGENDA AND COMMITTEE MEETINGS 2018



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

**Remuneration Committee
Audit Committee**

Committees of the Board

The Board has established a Remuneration Committee and an Audit Committee. The major tasks of these committees are

preparatory and advisory, but the Board may delegate decision-making powers on specific issues to the committees. The issues considered at committee meetings shall be recorded in minutes of the meetings and reported at the following Board meeting. The members and Chairmen of the committees are appointed at the statutory Board meeting following election of Board members.

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

Remuneration Committee

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

The Committee has as from the AGM 2018 consisted of the following three Board members: Petra Hedengran (Chairman), Staffan Bohman and Ulrika Saxon. At least two meetings are convened annually. Additional meetings are held as needed.

In 2018, the Remuneration Committee held four meetings. The attendance of each Board member at these meetings is shown in the table on page 113. Significant issues addressed include resolution on remuneration to new members of

Group Management, review and resolution on changes in the remuneration to members of Group Management, follow-up and evaluation of previously approved long-term incentive programs and remuneration guidelines for Group Management and general review and preparation of long-term incentive program and remuneration guidelines for Group Management for 2019. The Head of Human Resources and Organizational Development participated in the meetings and was responsible for meeting preparations.

Audit Committee

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

The Audit Committee has as from the AGM 2018 consisted of the following four Board members: Ulla Litzén (Chairman), Staffan Bohman, Petra Hedengran and Fredrik Persson. The external auditors report to the Committee at each ordinary meeting. At least three meetings are held annually. Additional meetings are held as needed.

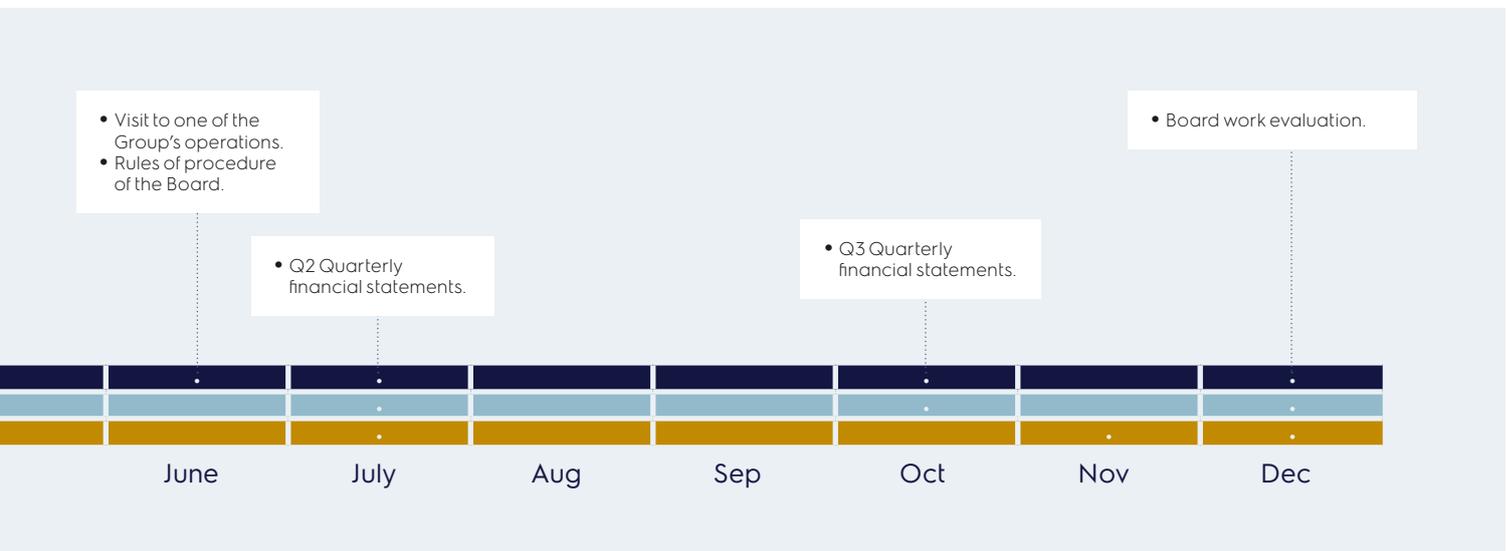
In 2018, the Audit Committee held seven meetings. The attendance of each Board member at these meetings is shown in the table on page 113. Electrolux managers have also had regular contacts with the Committee Chairman between meetings regarding specific issues. The Group's Chief Financial Officer and the Head of Group Internal Audit have participated in the Audit Committee meetings.

The Remuneration Committee's tasks include for example:

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

The Audit Committee's tasks include for example:

- To review the financial reporting.
- To monitor the effectiveness of the internal control, including risk management, concerning the financial reporting.
- To follow up the activities of the Group Internal Audit as regards to organization, recruiting, budgets, plans, results and audit reports.
- To review (and from December, 2018 approve) certain credit limits.
- To keep informed of the external audit and the quality control performed by the Supervisory Board of Public Accountants and to evaluate the work of the external auditors.
- To inform the Board of the outcome of the external audit and explain how the audit contributed to the reliability of the financial reporting as well as the role of the Committee in this process.
- To review, and when appropriate, preapprove the external auditors' engagements in other tasks than audit services.
- To evaluate the objectivity and independence of the external auditors.
- To support the Nomination Committee with proposals when electing external auditors.



External Audit**External auditors**

The AGM in 2018 elected Deloitte AB (Deloitte) as the Group's new external

auditors for one year, until the AGM in 2019. The election of Deloitte was preceded by a thorough procurement process and recommendation by the Audit Committee. Authorized Public Accountant Jan Bernthsson is the auditor in charge of Electrolux.

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

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

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

At the 2018 Annual General Meeting Deloitte was appointed auditors for the period until the 2019 Annual General Meeting. PricewaterhouseCoopers (PwC) was appointed auditors for the period until the 2018 Annual General Meeting.

	2018	2017	2016
Deloitte			
Audit fees	42	—	—
Audit-related fees	1	—	—
Tax fees	1	—	—
All other fees	1	—	—
Total fees to Deloitte	45	—	—
PwC			
Audit fees	4	41	40
Audit-related fees	1	2	1
Tax fees	—	1	4
All other fees	1	10	4
Total fees to PwC	6	54	49
Audit fees to other audit firms	—	2	—
Total fees to auditors	51	56	49

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

Internal Audit**Group Internal Audit**

The internal audit function is responsible for independent, objective assurance, in

order to systematically evaluate and propose improvements for more effective governance, internal control and risk management processes.

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

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

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

For additional information on internal control, see pages 116–117. For additional information on risk management, see Note 1, Note 2 and Note 18.

Company Management of Electrolux

Electrolux – a global leader with a purpose to shape living for the better

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

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

A sustainable business

Sustainability leadership is crucial to realizing the Electrolux strategy for long-term profitable growth. In 2018, Electrolux most resource-efficient products represented 21% of products sold and 29% of gross profit.

The company takes a consistent approach to sustainability in the countries where Electrolux operates. Understanding and engaging in challenges such as climate change, creating ethical and safe workplaces, and adopting a responsible approach to sourcing and restructuring are important for realizing the business strategy.

In 2018, Electrolux further developed its Ethics Program and established a new Code of Conduct, setting out the framework of how Electrolux shall conduct its operations in ethical and sustainable ways. The Code of Conduct, which has been endorsed by the Board, serves as an introduction to the Group Policies, and its purpose is to increase the clarity on what the company's principles mean for the employees. An educational campaign for employees has been prepared with a planned rollout during 2019.

The Ethics Program also encompasses a global whistleblowing system – the Ethics Helpline – through which employees can report suspected misconduct in local languages. Reports may be submitted anonymously if legally permitted. The highest number of reports in 2018 related to discrimination and harassment, such as the use of abusive language or disrespectful behavior.

In line with the UN Guiding Principles on Business and Human Rights, Electrolux conducts human rights risk assessments at

both global and local levels since 2016. The methodology for the assessments focuses on identifying the risk of harming people, as a direct or indirect result of Electrolux operations, and includes corruption risks as well as opportunities to increase local positive impacts. In 2018, a local assessment was conducted of the company's operations in Ukraine

In 2018, Electrolux maintained the position as industry leader in the Household Durables category in the Dow Jones Sustainability World Index. RobecoSAM publishes the Dow Jones Sustainability Indices (DJSI), which evaluate the performance of the world's leading companies in sustainability – from each industry on a global and regional level, respectively. The evaluation is based on criteria such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labor practices.

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

Electrolux as a tax payer

One important aspect of Electrolux company purpose – Shape living for the better – is to act as a good corporate citizen and taxpayer wherever Electrolux operates.

Electrolux plays an important role in contributing to public finances in all jurisdictions where the Group operates. The Group has approximately 54,000 employees operating in more than 58 countries and has about 50 manufacturing facilities across five continents.

Of Electrolux total tax contribution, as defined in the below chart, corporate tax represented approximately 13% in 2018. Corporate income taxes are only a portion of the Group's total contribution to public finances in Electrolux markets. In addition to corporate income taxes, Electrolux pays indirect taxes, customs duties, property taxes, employee related taxes, environmental charges and a number of other direct or indirect contributions to governments. The total contribution to public finances for 2018 amounted to approximately SEK 8.0bn whereof approximately half related to emerging markets.

Electrolux most transparent contribution to public finances around the world is corporate income taxes, see Note 10. Corporate income taxes amounted to SEK 1,081m in 2018, representing a global effective tax rate of the Group of 22.1%. Approximately 40% of the total corporate income taxes in 2018 related to the Group's activities in emerging markets.

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

ELECTROLUX TOTAL TAXES 2018



Financial targets over a business cycle

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

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

Risk assessment

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

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

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

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

The purpose of the internal audit function, Group Internal Audit, is to provide reasonable assurance that the Group’s goals are met in terms of efficient operations, compliance with relevant laws and regulations and reliable financial reporting, see pages 116–117.

Management and company structure

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

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

Electrolux operations have during 2018 been organized into six business areas. Within Major Appliances, the business areas are geographically defined, while the business areas Home Care & SDA and Professional Products are global. On August 16, 2018 it was announced that with effect from January 1, 2019, the Major Appliances organization in Middle East and Africa (MEA), which then was part of Major Appliances Europe, Middle East and Africa (EMEA), will be included in Major Appliances Asia Pacific (APAC). On February 1, 2019, it was announced that the Home

Care & SDA business area will be combined with the four current major appliances business areas with immediate effect.

During 2018 six group staff units have supported the business areas: Finance, Legal Affairs, Human Resources and Organizational Development, Marketing and Branding, Global Operations and Communications. As from February 1, 2019, the following group staff functions are being implemented: Finance, Legal Affairs, HR & Communications, Global Operations and Global Consumer Experience organization. The Global Consumer Experience organization is globally responsible for areas such as marketing, design, product lines, digital consumer solutions and ownership experience.

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

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

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

A diversified management team

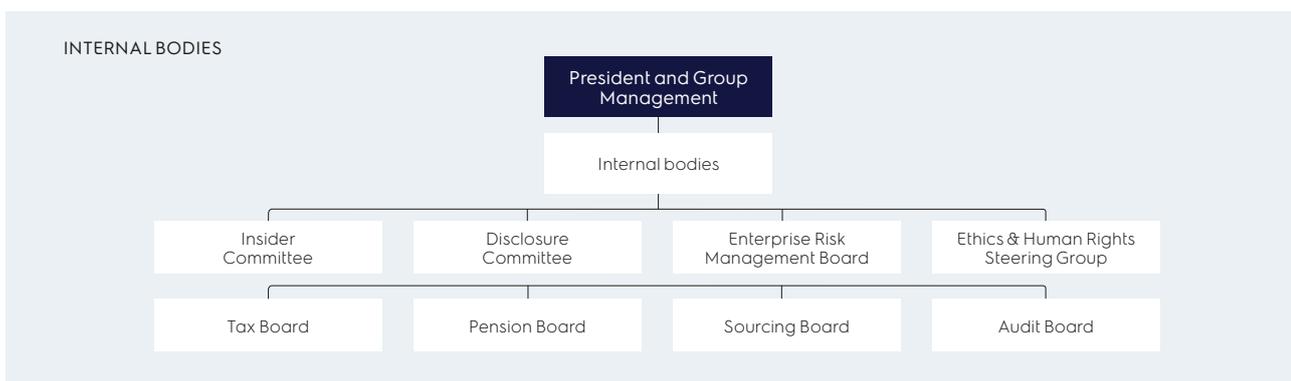
The Electrolux management team, with its extensive expertise, diverse cultural backgrounds and experiences from various markets in the world, forms an excellent platform for pursuing profitable growth in accordance with the Group’s strategy. Electrolux Group Management represents seven different nationalities.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

In recent years, a number of major initiatives have been launched aimed at better leveraging the unique, global position of Electrolux. In several areas, global and cross-border organizations have been established to, for example, increase the pace of innovation in product development, reduce complexity in manufacturing and optimize purchasing.

Changes in Group Management

The following changes in the Group management were made with effect from October 1, 2018.

Dan Arler, previous Head of Major Appliances Europe, Middle East and Africa (EMEA) and Executive Vice President of AB Electrolux, was appointed Head of Major Appliances APAC



& MEA and Executive Vice President of AB Electrolux; replacing Kenneth L. Ng, who had decided to retire from the company.

Anna Ohlsson-Leijon, previous Chief Financial Officer (CFO) of AB Electrolux, was appointed Head of Major Appliances Europe and Executive Vice President of AB Electrolux.

Therese Friberg, previous CFO of Major Appliances EMEA, was appointed new CFO of AB Electrolux.

The following changes in the Group management have been announced with effect from February 1, 2019.

Ola Nilsson, previous Head of Home Care & SDA, was appointed Group Chief Experience Officer (CXO) and Executive Vice President of AB Electrolux, and as a consequence of the new organizational structure, the Chief Marketing Officer Lars Hygrel is no longer member of Group Management. Jan Brockmann, Chief Operations Officer was also appointed as Executive Vice President of AB Electrolux.

For details regarding members of Group Management, see pages 114–115. The information is updated regularly at the Group’s website: www.electroluxgroup.com

Key focus areas for the President and Group Management in 2018

- Appointment of new Group Management members.
- Focus on taste, care and wellbeing innovation areas to provide outstanding consumer experiences.
- Program to improve quality and the ownership experience for consumers.
- Product portfolio management to focus on star products for profitable growth.
- Continues improvement to achieve a competitive cost structure.
- Modularization, automation and digitalization within manufacturing.
- Actions to mitigate increased costs for raw material, trade tariffs in North America and currency headwinds, particularly in Latin America.
- Increased investments in manufacturing for further growth and cost efficiency mainly in North America and Latin America.
- Digitalization such as connected appliances and digital commerce.
- Acquisitions to broaden Electrolux offering:
 - Schneidereit GmbH, a supplier of professional laundry rental solutions in Germany and Austria.
 - SPS Drink Systems, an Italian based manufacturer of professional dispensers for beverages and ice-cream.
- Divestment of the U.S. commercial and central vacuum cleaner businesses in North America.

Business Area Boards

Business areas

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

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

Remuneration

Remuneration to Group Management

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

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

Remuneration may comprise of:

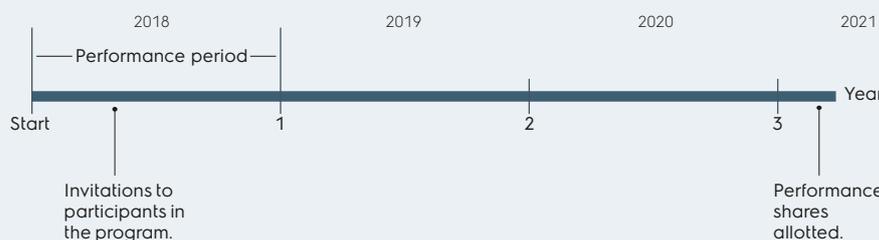
- Fixed compensation.
- Variable compensation.
- Other benefits such as pension and insurance.

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

Each year, the Board of Directors will evaluate whether or not a long-term incentive program shall be proposed to the AGM. The AGM 2018 decided on a long-term share program for up to 350 senior managers and key employees.

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

TIME-LINE FOR THE LONG-TERM INCENTIVE PROGRAM FOR SENIOR MANAGEMENT 2018



The calculation of the number of performance shares, if any, is connected to three performance targets for the Group established by the Board; (i) earnings per share (ii) return on net assets, and (iii) adjusted organic sales growth, for the 2018 financial year. Allotment of performance shares, if any, to the participants will be made in 2021.

Board of Directors and Auditors



STAFFAN BOHMAN

Chairman

Born 1949. Sweden. B.Sc. Econ. Elected 2018. Member of the Electrolux Audit Committee and the Electrolux Remuneration Committee.

Other assignments: Chairman of the Board of Ipco AB, Upplands Motor Holding AB and the German-Swedish Chamber of Commerce. Board member of Atlas Copco AB and the Royal Swedish Academy of Engineering Sciences (IVA).

Previous positions: President and CEO of Sapa and DeLaval as well as Board Member of, inter alia, Scania AB, Inter-IKEA Holding NV and Rezidor Hotel Group AB.

Holdings in AB Electrolux: 50,000 B-shares.



JONAS SAMUELSON

President and CEO

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

Other assignments: Board Member of Polygon AB and Axel Johnson AB.

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

Holdings in AB Electrolux: 32,070 B-shares.



PETRA HEDENGRAN

Born 1964. Sweden. M. of Laws. Elected 2014. Chairman of the Electrolux Remuneration Committee and member of the Electrolux Audit Committee.

Other assignments: General Counsel and member of Group Management of Investor AB. Board Member of Alecta and the Association for Generally Accepted Principles in the Securities Market (Sw. Föreningen för god sed på värdepappersmarknaden).

Previous positions: Attorney and partner at Advokatfirman Lindahl. Various positions within the ABB Financial Services including General Counsel of ABB Financial Services, Nordic Region. Law Clerk with the Stockholm District Court. Associate at Gunnar Lindhs Advokatbyrå.

Holdings in AB Electrolux: 9,000 B-shares.



HASSE JOHANSSON

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

Other assignments: Chairman of the Board of Dynamate Industrial Services AB and Uniter AB. Board Member of Autoliv Inc., PowerCell Sweden AB, Skyllbergs Bruk AB, CalixKlippan Group AB, DevPort AB and SEM Electromagnet Holding AB.

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

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



ULLA LITZÉN

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

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

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

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



BERT NORDBERG

Born 1956. Sweden. Engineer. Elected 2013.

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

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

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



FREDRIK PERSSON

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

Other assignments: Chairman of the Board of JM AB, the Confederation of Swedish Enterprise (Sw. Svenskt Näringsliv) and ICC Sweden. Board Member of Hufvudstaden AB, ICA Gruppen AB and Ahlström Capital Oy.

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

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



DAVID PORTER

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

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

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

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



ULRIKA SAXON

Born 1966. Sweden. Studies in Economics. Elected 2011. Member of the Electrolux Remuneration Committee.

Other assignments: President and CEO of Bonnier Ventures. Board Member of SF Studios, Adlibris, KIT Story Engine, FLX, Refunder and partner in AI Sustainability Center.

Previous positions: Senior positions within the Bonnier Group including CEO of Bonnier Magazines. Board engagements in TocaBoca, United Screens. Senior positions within marketing and consultancy.

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



KAI WÄRN

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

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

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

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

EMPLOYEE REPRESENTATIVES

**VIVECA
BRINKFELDT-LEVER**

Born 1960. Representative of the Federation of the Salaried Employees in Industry and Service. Elected 2018.

Board meeting attendance:¹⁾ 4/8

Holdings in AB Electrolux: 0 shares.

¹⁾ Elected December 1, 2018. Previously deputy member.

**ULF CARLSSON**

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

Board meeting attendance: 8/8

Holdings in AB Electrolux: 0 shares.

**PETER FERM**

Born 1965. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2018.

Board meeting attendance:²⁾ 6/8

Holdings in AB Electrolux: 0 shares.

²⁾ Elected April 5, 2018. Previously deputy member.

EMPLOYEE REPRESENTATIVES, DEPUTY MEMBERS

MONICA ANNALA

Born 1966. Representative of the Confederation of Trade Unions. Elected 2018.

Holdings in AB Electrolux: 0 shares.

RICHARD DELLNER

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

Holdings in AB Electrolux: 500 B-shares.

JOACHIM NORD

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

Holdings in AB Electrolux: 0 shares.

SECRETARY OF THE BOARD

MIKAEL ÖSTMAN

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

Secretary of the Electrolux Board since 2017.

Holdings in AB Electrolux: 8,369 B-shares.

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

Petra Hedengran (Chairman), Staffan Bohman and Ulrika Saxon.

Audit Committee

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

AUDITORS

Deloitte AB**JAN BERTSSON**

Born 1964. Authorized Public Accountant.

Other audit assignments: Kinnevik AB and Boliden AB.

Holdings in AB Electrolux: 0 shares.

At the Annual General Meeting in 2018, Deloitte AB was elected as new auditors for a period of one year until the Annual General Meeting in 2019.

Holdings in AB Electrolux are stated as of December 31, 2018 and includes holdings of related natural and legal persons, when applicable.

THE BOARD'S REMUNERATION DURING 2018, MEETING ATTENDANCE AND INDEPENDENCE

	Total remuneration 2018, '000 SEK	Board meeting attendance	Remuneration Committee attendance	Audit Committee attendance	Independence ²⁾
Staffan Bohman ¹⁾	1,827	6/8	3/4	5/7	Yes
Ronnie Leten ¹⁾	544	2/8	1/4		Yes
Petra Hedengran	942	8/8	4/4	7/7	No
Hasse Johansson ³⁾	775	7/8			Yes
Ulla Litzén	938	8/8		7/7	Yes
Bert Nordberg	595	8/8			Yes
Fredrik Persson	775	8/8		6/7	Yes
David Porter	595	8/8			Yes
Jonas Samuelson	—	8/8			No
Ulrika Saxon	695	8/8	4/4		Yes
Kai Wärn	595	8/8			Yes

¹⁾ Ronnie Leten resigned as Board member and Chairman of the Board, and Staffan Bohman replaced him, at the AGM in April 2018.

²⁾ For further information about the independence assessment, see page 105.

³⁾ The total remuneration 2018 for Hasse Johansson includes compensation for work relating to investments, modularization and quality.

Group Management

JONAS SAMUELSON

President and CEO

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

Other assignments: Board Member of Polygon AB and Axel Johnson AB.

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

Holdings in AB Electrolux: 32,070 B-shares.



THERESE FRIBERG

Chief Financial Officer

Born 1975. Sweden. B.Sc. in Business Administration. In Group Management since 2018 and employed since 1999.

Previous positions: CFO of Electrolux Major Appliances EMEA. Other senior positions within Electrolux including Head of Group Business Control and Sector Controller Home Care & SDA.

Holdings in AB Electrolux: 6,259 B-shares



DANIEL (DAN) ARLER

Head of Major Appliances Asia Pacific, Middle East and Africa, Executive Vice President

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

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

Holdings in AB Electrolux: 9,702 B-shares.



JAN BROCKMANN

Chief Operations Officer, Executive Vice President

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

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

Holdings in AB Electrolux: 10,514 B-shares.



RICARDO CONS

Head of Major Appliances Latin America, Executive Vice President

Born 1967. Brazil. Bachelor in Business Administration, Finance and Marketing, MBA in Team Management. In Group Management since 2016 and employed since 1997-2011 and 2016.

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

Holdings in AB Electrolux: 0 shares.



OLA NILSSON

Chief Experience Officer, Executive Vice President

Born 1969. Sweden. M.Sc. in International Business Administration. In Group Management since 2016 and employed since 1994.

Previous positions: Head of Home Care & Small Domestic Appliances. Various senior positions within Electrolux including Senior Vice President, Product Line Laundry Major Appliances EMEA and President Small Appliances Asia Pacific.

Holdings in AB Electrolux: 5,235 B-shares



Holdings in AB Electrolux are stated as of December 31, 2018 and includes holdings of related natural and legal persons, when applicable.

ANNA OHLSSON-LEIJON

Head of Major Appliances Europe,
Executive Vice President

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

Other assignments: Board member of Alfa Laval AB.

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

Holdings in AB Electrolux:
8,798 B-shares.

**ALAN SHAW**

Head of Major Appliances North
America, Executive Vice President

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

Previous positions: Executive Vice President at Husqvarna AB. President and Chief Executive Officer at Char-Broil LLC. President and Chief Executive Officer at Murray Group. Various senior management positions in Asia-Pacific and North America at Whirlpool. Marketing Director at a Whirlpool JV, Consul, in Brazil. Product management positions at Whirlpool Corporation.

Holdings in AB Electrolux:
0 shares.

**LARS WORSØE PETERSEN**

Head of HR & Communications,
Senior Vice President

Born 1958. Denmark. M.Sc. in Economics and Business Administration. In Group Management since 2011 and employed since 1994–2005 and 2011.

Previous positions: Head of Group Staff Human Resources at Husqvarna AB, 2005–2011. Various senior positions within Electrolux including Head of Human Resources for Electrolux Major Appliances North America and Head of Electrolux Holding A/S in Denmark.

Holdings in AB Electrolux:
18,102 B-shares.

**ALBERTO ZANATA**

Head of Professional Products,
Executive Vice President

Born 1960. Italy. University degree in Electronic Engineering with Business Administration. In Group Management since 2009 and employed since 1989.

Previous positions: Senior management positions within Electrolux including Head of Professional Products in North America and senior management positions in Electrolux Professional Products.

Holdings in AB Electrolux:
27,468 B-shares.

**MIKAEL ÖSTMAN**

General Counsel,
Senior Vice President

Born 1967. Sweden. M. of Laws and B.Sc. Econ. In Group Management since 2017 and employed since 2002.

Previous positions: Various senior positions within Electrolux including Head of Electrolux Corporate Legal Department and Head of Electrolux Legal Affairs Europe. Corporate Counsel at Telia Mobile AB. Lawyer at Advokatfirman Vinge. Law Clerk with the Stockholm District Court.

Holdings in AB Electrolux:
8,369 B-shares.

**CHANGES IN GROUP MANAGEMENT ANNOUNCED
ON FEBRUARY 1, 2019**

The following changes in the Group Management have been announced with effect from February 1, 2019.

Ola Nilsson, previous Head of Home Care & SDA, was appointed Group Chief Experience Officer (CXO) and Executive Vice President of AB Electrolux, and as a consequence of the new organizational structure, the Chief Marketing Officer Lars Hygrel is no longer member of Group Management. Jan Brockmann, Chief Operations Officer was also appointed as Executive Vice President of AB Electrolux.

Internal control over financial reporting

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

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

Control environment

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

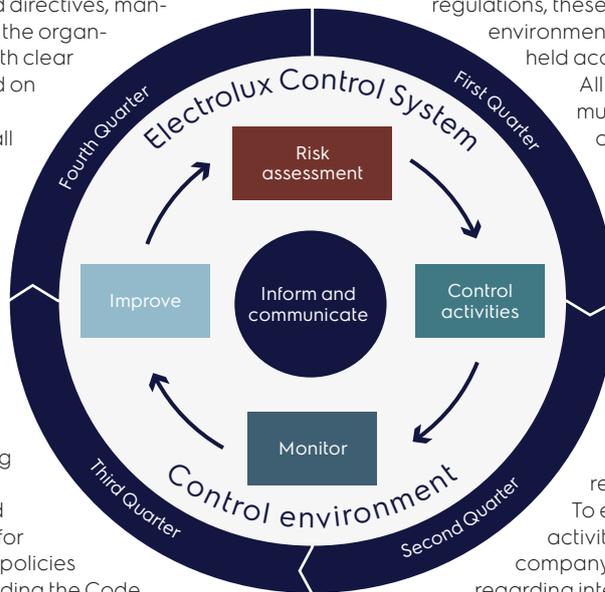
The Electrolux Board has overall responsibility for establishing an effective system of internal control. Responsibility for maintaining effective internal controls is delegated to the President. The governance structure of the Group is described on page 102. Specifically for financial reporting, the Board has established an Audit Committee, which assists in overseeing relevant policies and important accounting principles applied by the Group.

The limits of responsibilities and authorities are given in directives for delegation of authority, manuals, policies and procedures, and codes, including the Code of Conduct, the Workplace Policy, and the Anti-

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

All entities within the Electrolux Group must maintain adequate internal controls. As a minimum requirement, control activities should address key risks identified within the Group. Group Management have the ultimate responsibility for internal controls within their areas of responsibility. Group Management is described on pages 114–115.

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



CONTROL ENVIRONMENT – EXAMPLE

Code of Conduct

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

Group Finance Policy

Details the general framework for how financial operations shall be organized and managed within the Group. The policy contains directives and other mandatory standards issued by the Group Finance organization.

Credit Directive

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

Delegation of Authority Directive

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

Internal Control Directive

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

Accounting Manual

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

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

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

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

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

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

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

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

Improve
 The effectiveness of control activities is monitored continuously at four levels: Group, business area, reporting unit, and process. Monitoring involves both formal and informal procedures applied by management, process owners and control operators, including reviews of results in comparison with budgets and plans, analytical procedures, and key-performance indicators.

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

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

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

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

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

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

ENTERPRISE RISK ASSESSMENT – EXAMPLE



CONTROL ACTIVITIES – EXAMPLE

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

Financial reporting and information

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

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

Financial information is issued regularly in the form of:

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

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

Stockholm, February 14, 2019

AB Electrolux (publ)
The Board of Directors

Auditor's report on the Corporate Governance Statement
To the general meeting of the shareholders in AB Electrolux (publ), corporate identity number 556009-4178

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2018 on pages 100–118 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

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

Stockholm, February 15, 2019

Deloitte AB

Jan Berntsson
Authorized Public Accountant

Factors affecting forward-looking statements

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

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