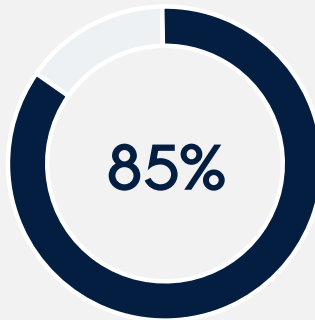




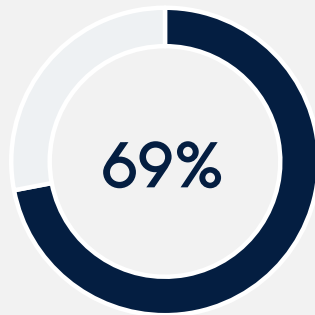
Electrolux
Conflict Minerals Report 2019



Key results



85% supplier response rate compared to 82% in 2018



69% known and certified smelters or refiners compared to 66% in 2018

Zero

Identified no high risk suppliers



Summary

This report describes the due diligence process of the supply chain at AB Electrolux for conflict minerals. Information in this report is based on the Group's supply chain status in 2018. Throughout the report, as data are presented as part of the narrative, data from the reporting year of 2017 are presented in parentheses. The Group's previous report – [Conflict Minerals Report 2018](#) – was published in March 2019.

The Group has implemented a policy regarding conflict minerals in the Electrolux Code of Conduct since 2014. At the time of publishing this report, the policy can be found in the Electrolux Group Workplace Directive. In 2016, the Group voluntarily started a Conflict Minerals Due Diligence Program, based on the globally recognized framework Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas, specifically the Democratic Republic of the Congo (DRC) or adjoining countries.

In 2019, Electrolux identified and surveyed

422 (407) of its first-tier suppliers representing 90% (90%) of the expenditure on components expected to contain conflict minerals. As a result, a response rate of 85% (82%) was reached. According to information provided by the suppliers, there were 587 (516) smelters or refiners (SORs) in the Group's supply chain. Around 69% (66%) of them have been certified "DRC conflict-free" by the Responsible Minerals Assurance Process (RMAP), formerly the Conflict-Free Smelter Program (CFSP), on behalf of the global organization Responsible Minerals Initiative (RMI). These results show an improvement of the Group's Conflict Minerals Due Diligence Program.

Electrolux co-funds independent third-party audits of SORs due diligence practices through a partnership with RMI and finances the RMAP.

The Conflict Minerals Due Diligence Program will be continued and strengthened by the Group in 2020 in order to further investigate the supply chain and encourage certification of all SORs.



Abbreviations and definitions

3TG	Tin, tantalum, tungsten, gold and their derivatives
CMRT	Conflict Minerals Reporting Template
DRC	Democratic Republic of the Congo
Level 1 Countries	Countries with known active metal production but not identified as conflict regions or plausible areas of smuggling, export or transit of minerals out of conflict-affected regions
Level 2 Countries	Countries with known or plausible involvement in the smuggling, export or transit of minerals out of conflict-affected regions
Level 3 Countries	Countries outlined in Section 1502 of the Dodd-Frank Act as those affected or bordering conflict-affected regions; currently defined as Democratic Republic of the Congo and its nine adjoining countries (Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, Zambia)
OECD	Organization for Economic Co-operation and Development
QC	Quality control
RCOI	Reasonable Country of Origin Inquiry
RMAP	Responsible Minerals Assurance Process
RMI	Responsible Minerals Initiative
SOR	Smelter or refiner: any company that procures and processes mineral ore, slag and/or materials from recycled or scrap sources into refined metal or metal containing intermediate products. The output can be pure (99.5% or greater) metals, powders, ingots, bars, grains, oxides or salts



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Introduction

A significant share of natural mineral resources is located in conflict-affected and high-risk areas, currently defined as Democratic Republic of the Congo (DRC) and its nine adjoining countries (Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia). The conflict minerals issue is related to directly or indirectly financing armed groups in these areas. The trade of such minerals fuels local armed conflict, widespread violence or other risks of harm to people, which hinder economic, environmental and social development. The most lucrative conflict minerals are tin, tantalum, tungsten and gold (3TG).

As defined in 2010 United States legislation, [Dodd-Frank Wall Street Reform and Consumer Protection Act](#), Section 1502(e)(4), the term “conflict mineral” means: columbite-tantalite (coltan), cassiterite, gold, wolframite or their derivatives; or any other mineral or its derivatives determined by the Secretary of State to be financing conflict in Democratic Republic of the Congo or an adjoining country.

As per the [Dodd-Frank Act, Section 1502](#), companies quoted on the US Stock

Exchange are required to report on the country of origin for conflict minerals coming from conflict-affected and high-risk areas. In May 2017, a similar law called [EU Conflict Minerals Regulation](#) was passed in the European Union that requires importers of 3TGs to report presence and countries of origin of these minerals.

Electrolux is actively committed to responsible sourcing and has implemented a Conflict Minerals Due Diligence Program. This program is essential in order to respond to customer requirements and to fulfill existing and upcoming international legislation in this area.

Electrolux does not fall into the scope of the current legislation. However, the Conflict Minerals Due Diligence Program has been implemented on a voluntary basis since 2016, based on the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance. As part of this commitment, the Group continued to contact its suppliers to understand their implementation level of the due diligence programs for the reporting year of 2018 and to collect detailed information about the use and origin of 3TGs in the supply chain.



Electrolux Conflict Minerals Due Diligence Program

The Conflict Minerals Due Diligence Program at Electrolux has been implemented based on the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*. The five major steps of the framework for the guidance and how Electrolux follows these steps are outlined below.

Step 1

Establish strong company management systems

- The [Electrolux Group Workplace Directive](#) has included clear statements regarding the Group's expectations of suppliers for the supply chain of conflict minerals:
 - Suppliers are expected to ensure that the sourcing of conflict minerals in products, parts and components supplied to Electrolux does not directly or indirectly finance or benefit perpetrators of human rights abuses in conflict-affected or high-risk areas.
 - Suppliers shall have policies and management systems in place, consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas that are designed to accomplish the above.
- The Group's management system for the Conflict Minerals Due Diligence Program has been established by Group Sustainability Affairs with support from Global Purchasing, both dedicating resources for the development and monitoring of the program.
- The program focuses on surveying first-tier suppliers and reporting the survey results. Detailed information and documentation related to the topic of conflict minerals is kept internal.

Step 2

Identify and assess risk in the supply chain

- Electrolux has identified the main risk in its mineral supply chain to be in the electrical industry of the business. Therefore, first-tier suppliers of electrical components and other risk categories such as metal, rubber, solder, glass, thermostats, plastics, as well as original equipment manufacturers, are within the scope of the Conflict Minerals Due Diligence Program.
- Electrolux decided to contact and survey suppliers representing 90% of total expenditure in these risk categories and to conduct a Reasonable Country of Origin Inquiry (RCOI) to determine whether any of the 3TG content originated from the conflict-affected or high-risk areas.
- The survey was conducted using the Conflict Minerals Reporting Template (CMRT). All collected data have been stored and analyzed on an external platform provided by a third-party vendor.
- [Responsible Minerals Initiative \(RMI\)](#), an organization that helps companies with tools and other resources to address the conflict minerals issue in the supply chain, has all necessary information such as audit status of smelters or refiners (SORs), RCOI and human rights violation risks. Electrolux, as its partner, has access to this information as a tool of assessment for the results of the survey.



Electrolux Conflict Minerals Due Diligence Program

Step 3

Design and implement a strategy to respond to identified risks

- Results obtained from the survey of the Due Diligence Program are analyzed by the responsible personnel and reported to the heads of Sustainability Affairs and Global Purchasing.
- The main purpose of the survey and analysis is to map the risk among the Group's suppliers. Actions are being planned to respond to the identified risks.

Step 4

Carry out independent third-party audit of supply chain due diligence

- As a downstream company, Electrolux has no direct relationship with SORs as they are found several tiers below in the supply chain. As per OECD Guidelines, the Group co-funds independent third-party audits of SORs' due diligence practices through industry programs.
- Electrolux partners with RMI and finances the Responsible Minerals Assurance Process (RMAP), an industry-wide certification program aimed at ensuring that business practices of SORs are not related to any human rights abuse.

Step 5

Report annually on supply chain due diligence

- Electrolux reports on the status of the Conflict Minerals Due Diligence Program on a voluntary basis annually. Results of the program described in this report are published on the Group's corporate website.

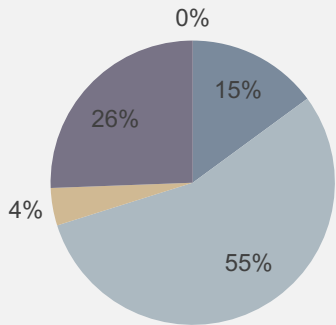


Program results

Supplier status

A total of 422 (407) first-tier suppliers were identified as in-scope. They were contacted and requested to fill out the CMRT.

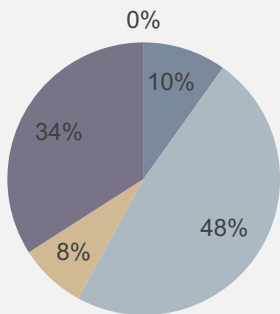
Presence of conflict minerals in terms of supplier



- No response: 15% (18%) ■ No 3TG: 55% (56%)
- Conflict-free 3TG: 4% (6%) ■ Uncertain: 26% (11%)
- High risk: 0% (9%)

In terms of expenditure

Note that the total spend in the figure represents 90% of the Group's spend.



- No Response: 10% (10%) ■ No 3TG: 48% (43%)
- Conflict-free 3TG: 8% (8%) ■ Uncertain: 34% (12%)
- High Risk: 0% (27%)

No response: Supplier did not respond to the Group's request to fill out the CMRT.

No 3TG: Supplier claimed they do not have 3TGs in their products supplied to Electrolux and has not listed any metal processors.

Conflict-free 3TG: All of the metal processors listed by the supplier are known to be conflict-free for the declared metal(s), either because:

1. all processors are not within (or sourcing from within) the conflict-affected regions, or
2. because all processors in (or sourcing from within) the conflict-affected regions are certified conflict-free for the declared metal(s), or all processors are exclusive recyclers/scrap.

Uncertain: Supplier did not provide all necessary information and therefore their risk status could not be determined. The most common reason being the supplier declared 3TG in their products but did not provide any information on SOR.

High risk: Supplier has one or more SOR(s), while sourcing from Level 3 Countries, are not certified by RMAP.

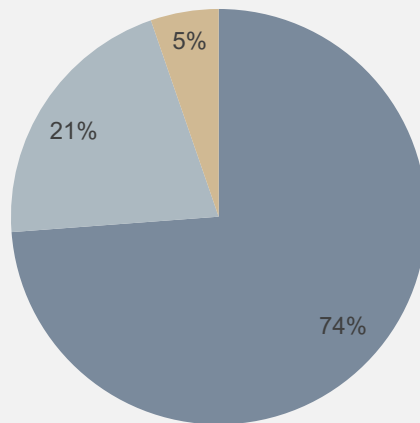
Note that SOR status is constantly changing and updated in the RMI database; SOR status in the figure is based on RMI data from December 2019.



Program results

Reporting scope

The Conflict Minerals Due Diligence Program at Electrolux has been implemented on a voluntary basis; therefore, suppliers were free to declare only the information they wanted to. Furthermore, Electrolux chose to give their suppliers the ability to share information in the CMRT at a level with which they were most comfortable (that is, company, product or user-defined, but the declaration scope had to be specified in the CMRT).



- Company-wide: 74% (74%)
- Product-level: 21% (21%)
- User-defined: 5% (5%)

Company-wide: Supplier's declaration encompasses the entirety of their company's products or product substances produced by the parent company. Therefore, if a supplier reported 3TG data at the company level, they had to report conflict minerals data on all products they manufacture.

Product-level: Supplier chose to report 3TG data at the product level and was required to list the manufacturer's product number of the products that they declared.

User-defined: Supplier was required to describe the scope to which the 3TG disclosure is applicable. Scope of this class was defined in a text field by the supplier and had to be easily understood by customers or the receivers of the document. As an example, suppliers could provide a link to clarifying information.

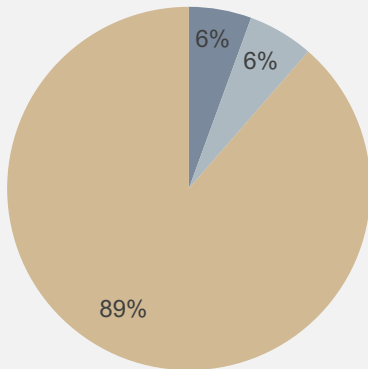


Program results

Quality assurance

Supplier responses were evaluated for plausibility, consistency and gaps by the Group’s third-party vendor that provides the external platform for data collection and storage. If any of the following quality control (QC) flags were raised, suppliers were automatically contacted by the vendor:

- One or more smelter SORs were listed for an unused metal;
- SOR information was not provided for a used metal, or SOR information provided was not a verified metal processor;
- Supplier answered “yes” to sourcing from the DRC or adjoining countries, but none of the SORs listed are known to source from the region;
- Supplier indicated that they have not received conflict minerals data for each metal from all relevant suppliers;
- Supplier indicated they have not identified all of the SORs used for the products included in the declaration scope;
- Supplier indicated they have not provided all applicable SOR information received; and
- Supplier indicated 100% of the 3TG for products covered by the declaration originates from scrap/recycled sources, but one or more SORs listed are not known to be exclusive recyclers.



- QC in progress: 6% (2%)
- QC unresponsive: 6% (7%)
- QC complete: 89% (91%)

QC in progress: Third-party vendor was in the process of following up with suppliers who had QC flags raised.

QC unresponsive: Third-party vendor had reached out to supplier three times and had not received any response.

QC complete: Suppliers either did not have any QC flags raised or they had already addressed their QC flags.



Program results

SOR status

A total of 587 (416) SORs have been reported by the suppliers.

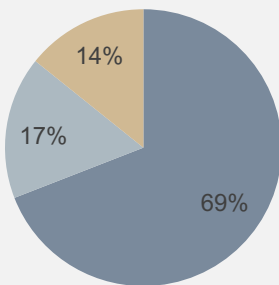
257 (130) of the reported SORs have been determined to be either inactive, non-processors or removed, according to definitions below. SORs that meet any of the three definitions were determined out of scope of this report and have therefore been eliminated from further investigation.

Inactive: Third-party vendor has determined through outreach or research that the entity no longer meets the definition of an SOR.

Non-processor: Any company that does not smelt or refine, or exclusively recycle 3TG. Examples include manufacturers, distributors, metal plating companies, soldering and welding companies.

Removed: SOR was listed on the CMRT Smelter Reference List, but the RMI has determined that the smelter no longer meets the definition of a SOR.

The remaining 330 in-scope SORs have been categorized based on their verification and certification status.



- Known and certified: 69% (66%)
- Known but not certified: 17% (14%)
- Unknown whether it is an SOR: 14% (20%)

Known and certified: SOR is both verified by RMI and certified by RMAP as “DRC conflict-free”.

Known but not certified: SOR verified by RMI but not certified by RMAP due to incomplete or not yet started auditing process. SORs seek certification regardless of their location to prove their ethical sourcing activities.

Unknown whether it is an SOR: SOR is not verified by RMI and could not be found in their smelter database. This category includes SORs that meet any of the following conditions:

- The SOR is in the third-party vendor’s smelter outreach process; the third-party vendor is trying to reach, verify and gather the required information to help determine if it is an SOR;
- The smelter was listed by a supplier as processing a metal it is not known to process;
- The SOR company website indicates that company meets RMI definition of SOR, but the third-party vendor has not received email or phone confirmation from SOR;
- The SOR was listed on the CMRT Smelter Reference List, but the RMI has retired the parent or group level smelter and smelter IDs;
- SOR status is uncertain due to one of the following reasons:
 - When initial information on a SOR is provided by a supplier that does not match a company in the third-party vendor’s database;
 - Website is available and discusses SOR processes but does not meet RMI’s SOR definition, and no email or phone confirmation to indicate it is a non-processor;
 - Website does not clearly indicate that company meets RMI’s SOR definition, and no email or phone confirmation to indicate it is a non-processor.



Program results

RCOI results

The RMI has verified 283 (308) SORs as known SORs, making up about 86% (80%) of all SORs in scope. Through Reasonable Country of Origin Inquiry (RCOI), 46 of them have been determined to be DRC-sourcing (that is, sourcing from Level 3 Countries), and details can be found in the table below. The 46 SORs do not pose conflict concerns to the Group's supply chain as they are certified by RMAP as "DRC conflict-free".

Conclusions

Achievements

The Conflict Minerals Due Diligence Program aims at improving transparency in the supply chain and mitigating potential risks. Electrolux contacted 422 (407) first-tier suppliers for the reporting year 2018 and reached a supplier response rate of 85% (82%). Among all 422 suppliers, 59% (61%) claimed they either have no 3TGs in their products supplied to Electrolux or have 3TGs that pose no conflict concern. In terms of smelters and refiners reported by suppliers, 69% (66%) of them have been verified as known smelters and certified as conflict-free by the Responsible Minerals Initiative.

Next steps

Electrolux will continue the Conflict Minerals Due Diligence Program in 2020 to increase awareness and mitigate risks among its suppliers. The Group's partnership with the Responsible Minerals Initiative will continue to enable access to information regarding smelters and refiners. Electrolux will keep working toward cascading responsible business practices along the supply chain and ensuring that all its suppliers meet the requirements specified in the Electrolux Group Workplace Directive. Extra effort will be placed on increasing supplier response rate and encourage suppliers to adopt due diligence practices for the responsible sourcing of minerals.



Electrolux