

Remuneration Report 2022

Introduction

This report describes how the guidelines for executive remuneration of AB Electrolux, adopted by the Annual General Meeting 2020, were used in 2022. The report also provides information on remuneration to the President and CEO and a summary of the company's outstanding share-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive management and on Incentive Programmes issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in Note 27 on pages 103-106 in the Annual Report 2022. Information on the work of the People Committee in 2022 is set out in the Corporate Governance Report available on pages 15-30 in the Annual Report 2022.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in Note 27 and in the Corporate Governance Report in the Annual Report 2022.

Key developments 2022

The CEO summarizes the company's overall performance in his statement on pages 5-13 in the Annual Report 2022.

During 2021, an extensive review of Electrolux executive reward programs was conducted. A similar review took place in 2012 and 2016. The purpose of the review is to improve the pay for performance alignment, fair pay and talent retention among Electrolux senior management positions. The outcome of the review contributed to adjustments in the long-term incentive program proposed to the AGM 2022 and implemented in 2022.

Electrolux remuneration guidelines

Electrolux has a clear strategy to deliver profitable growth and create shareholder value. A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration in relation to the country or region of employment of each Group Management member. The remuneration guidelines enable the

company to offer the Group Management a competitive total remuneration. The remuneration terms shall emphasize 'pay for performance', and the remuneration shall vary with the performance of the individual and the Group. The total remuneration for the Group Management shall be in line with market practice and may comprise of the following components: fixed compensation, variable compensation, pension benefits and other benefits.

The remuneration guidelines are found on page 41 in the Annual Report 2022. During 2022, the company has complied with the applicable remuneration guidelines adopted by the General Meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on www.electroluxgroup.com. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the General Meetings of the company have resolved to implement long-term share-related incentive plans.

Remuneration for the President and CEO, Jonas Samuelson in 2022 ('000 SEK unless otherwise stated)¹⁾

Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense ⁵⁾	Total remuneration	Proportion of fixed and variable remuneration
Base salary ²⁾	Other benefits ³⁾	One-year ⁴⁾	Multi-year ⁶⁾				
13,310	9	1,300	9,686	0	4,550	28,855	Variable: 38% Fixed: 62%

¹⁾ Except for multi-year variable remuneration, the table reports remuneration earned in 2022. Multi-year variable remuneration is reported if vested in 2022.

²⁾ Includes vacation salary and salary deductions for company car.

³⁾ Includes other benefits such as travel allowance, health care benefit and mileage compensation.

⁴⁾ Variable salary earned 2022 and paid in 2023.

⁵⁾ Pension is a defined contribution of 35% of annual base salary (excluding vacation salary and salary deductions for company car).

⁶⁾ Calculated as number of shares in LTI 2020 that vested on December, 31, 2022 (68,801 shares) multiplied by the share price of Electrolux B shares on December, 31, 2022 (SEK 140.78).

Remuneration for the President and CEO, Jonas Samuelson in 2021 ('000 SEK unless otherwise stated)¹⁾

Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense ⁵⁾	Total remuneration	Proportion of fixed and variable remuneration
Base salary ²⁾	Other benefits ³⁾	One-year ⁴⁾	Multi-year				
12,719	8	12,400	0	0	4,340	29,467	Variable: 42% Fixed: 58%

¹⁾ Except for multi-year variable remuneration, the table reports remuneration earned in 2021. Multi-year variable remuneration is reported if vested in 2021.

²⁾ Includes vacation salary and salary deductions for company car.

³⁾ Includes other benefits such as travel allowance, health care benefit and mileage compensation.

⁴⁾ Variable salary earned 2021 and paid in 2022.

⁵⁾ Pension is a defined contribution of 35% of annual base salary (excluding vacation salary and salary deductions for company car).

Share-based remuneration

Outstanding share-related incentive plans

Over the years, Electrolux has implemented several long-term incentive programs (LTI) for senior managers. These programs are intended to attract, motivate, and retain the participating managers by providing long-term incentives through benefits linked to the company's share price. They have been designed to align management incentives with shareholder interests.

The company had during 2022 three ongoing LTI programs (2020, 2021 and 2022). The allocation of shares in the 2020 and 2021 programs is determined by the position level and the outcome of three objectives: (1) earnings per share, (2) return on net assets and (3) CO₂ reduction. Performance outcome of (1) and (2) will be determined by the Board after the expiry of the one-year performance period and (3) after the expiry of the respective three-year performance period for these programs. The allocation of shares in the 2022 program is determined by the position level and the outcome of two objectives: (1) cumulative earnings per share, (2) CO₂ reduction. Performance outcome of (1) and (2) will be determined by the Board after the expiry of the three-year performance period.

For the LTI programs allocation is linear from minimum to maximum. There is no allocation if the minimum level is not reached. If the maximum is reached, 100% of shares will be allocated. Should the achievement of the objectives be below the maximum but above the minimum, a proportionate allocation will be made. For the CEO and other members of Group Management in the 2022 program the granted shares will be multiplied by 0.75-1.25 depending on the outcome of a relative total shareholder return target. The shares will be allocated after the three-year period free of charge.

If a participant's employment is terminated during the three-year program period, the participant will be excluded from the program and will not receive any shares or other benefits under the program. However, in certain circumstances, including for example a participant's death, disability, retirement or the divestiture of the participant's employing company, a participant could be entitled to reduced benefits under the program.

2020 and 2021 program covers 253 respectively 282 senior managers and key employees whilst the 2022 program covers 817 participants in almost 30 countries. Participants in the 2020 and 2021 programs comprise six groups, i.e., the CEO, other members

of Group Management, and four groups of other senior managers. Participants in the 2022 program comprise seven groups, i.e., the CEO, other members of Group Management, and five groups of other senior managers. All programs comprise Class B shares. Additional information about the outstanding LTI programs can be found in Note 27 in the Annual Report 2022.

Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behavior which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short- and long-term business priorities for 2022 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability goals as well as the company values.

Share award plans (for the President and CEO)

The main conditions of share award plans					Information regarding the reported financial year					
					Opening balance	During the year		Closing balance		
Specification of plan	Performance period	Award date ¹⁾	Vesting Date	End of retention period	Shares held at the beginning of the year	Awarded	Vested	Subject to a performance condition	Awarded and unvested at year end	Subject to a retention period
LTI 2020	2020-2022	20-11-11	22-12-31	22-12-31	0	0	68,801 ²⁾	0	0	0
LTI 2021 ³⁾	2021-2023	21-04-06	23-12-31	23-12-31	0	0	0	11,941 ⁴⁾	47,761 ⁵⁾	0
LTI 2022	2022-2024	22-05-03	24-12-31	24-12-31	0	133,854 ⁶⁾	0	133,854	0	0
Total					0	133,854	68,801	145,795	47,761	0

¹⁾ Refers to the date when the share awards were awarded to the participant.

²⁾ The maximum number of shares that could be awarded under LTI 2020 for the CEO was 69,637 shares whereof 68,801 vested.

³⁾ The maximum number of shares that may be awarded under LTI 2021 is 59,702 for the CEO, the outcome with respect to the financial performance targets resulted in 47,761 shares for the CEO. The outcome of the CO₂-reduction target will be determined after the expiry of the three year performance period. The number of shares was adjusted due to the cash distribution in October 2021.

⁴⁾ Shares subject to CO₂ reduction performance target in LTI 2021. Value at Award Date: 2,944 thousand SEK, calculated as the market price per share multiplied by the number of awarded shares.

⁵⁾ Value at Award Date: 11,773 thousand SEK, calculated as the market price per share multiplied by the number of awarded shares.

⁶⁾ Value at Award Date: 16,250 thousand SEK, calculated as the market price per share multiplied by the number of awarded shares.

Performance of the President and CEO in the reported financial year: variable cash remuneration

Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/remuneration outcome ('000 SEK)
Group EBIT Growth (%) Year over year growth (%) in absolute EBIT	35%	a) -89.9% ¹⁾ b) 0
Group Net Operating Working Capital (%) NOWC divided by External Net Sales (12 months rolling)	15%	a) 8.4% ¹⁾ b) 0
Group Contribution to Fixed Growth (%) Year over year growth (%) in absolute CTF (External Net Sales with Variable Costs deducted).	35%	a) -13.8% ¹⁾ b) 0
Group Consumer star rating The average rating of Electrolux products in consumer reviews on around 300 web sites, considering reviews written in the last 6 months of the calendar year, on a 0-5 scale.	15%	a) 4.65 b) 1,300

¹⁾ including adjustments for one-off items, acquisitions and divestments.

Performance of the President and CEO in the reported financial year: share-based incentives¹⁾

Name of plan	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/remuneration outcome ('000 SEK)
LTI 2020	Earnings Per Share Income for the period attributable to equity holders of the Parent Company divided by the weighted average number of basic shares (i.e. non-diluted) outstanding during the period	60%	a) 13.9 ²⁾ b) 5,882 ³⁾
	Return On Net Assets Operating income (annualized) expressed as a percentage of average net assets	20%	a) + 22.7 % ²⁾ b) 1,961 ⁴⁾
	CO₂ reduction Greenhouse gas reductions within the following three areas: (i) manufacturing, (ii) energy for product use, and (iii) use of hydrofluorocarbons (HFCs), measured on selected pre-defined product categories and regions.	20%	a) 3.455 Mtons b) 1,839 ⁵⁾
LTI 2021	Earnings Per Share Income for the period attributable to equity holders of the Parent Company divided by the weighted average number of basic shares (i.e. non-diluted) outstanding during the period	60%	a) 18.4 ¹⁾ b) 5,043 ⁶⁾
	Return On Net Assets Operating income (annualized) expressed as a percentage of average net assets	20%	a) + 31.6% ¹⁾ b) 1,681 ⁷⁾
	CO₂ reduction Greenhouse gas reductions within the following three areas: (i) manufacturing, (ii) energy for product use, and (iii) use of hydrofluorocarbons (HFCs), measured on selected pre-defined product categories and regions	20%	a) To be determined at year end 2023 b) To be determined at year end 2023

¹⁾ The only criteria evaluated during 2022 is the 3-year CO₂ target in LTI 2020. Data on all other LTI criteria in this section is for information purposes only.

²⁾ including adjustments for acquisitions and divestments

³⁾ based on market price per share of December 31, 2022 (SEK 140.78) multiplied by number of shares (41 782)

⁴⁾ based on market price per share of December 31, 2022 (SEK 140.78) multiplied by number of shares (13 927)

⁵⁾ based on market price per share of December 31, 2022 (SEK 140.78) multiplied by number of shares (13 064)

⁶⁾ based on market price per share of December 31, 2022 (SEK 140.78) multiplied by number of shares (35 820)

⁷⁾ based on market price per share of December 31, 2022 (SEK 140.78) multiplied by number of shares (11 941)

Name of plan	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/remuneration outcome ('000 SEK)
LTI 2022	Cumulative Earnings Per Share Income for the period attributable to equity holders of the Parent Company divided by the weighted average number of basic shares (i.e. non-diluted) outstanding during the period. Will be calculated on a cumulative basis during the entire performance period.	80%	a) To be determined at year end 2024 b) To be determined at year end 2024
	CO₂ Reduction Greenhouse gas reductions within the following three areas: (i) operations (ii) energy for product use and (iii) transportation	20%	a) To be determined at year end 2024 b) To be determined at year end 2024

Comparative information on the change of remuneration and company performance Remuneration and company performance ('000 SEK unless otherwise stated)¹⁾

Annual change	2020 vs. 2019	2021 vs. 2020	2022 vs 2021	2022
Jonas Samuelson, President and CEO	-3,100 (-10.6%)	+3,380 (+13.0%)	-612 (-2.1%) ²⁾	28,855
Group Operating Income (EBIT) margin (%) ³⁾	+2.3 percent- age points	+1.0 percent- age points	-5.4 percent- age points	0.6%
Average remuneration on a full time equivalent basis of employees ⁴⁾ of AB Electrolux	-13 (-1.1%)	+116 (+9.9%)	-189 (-14,8%)	1,094

¹⁾ Remuneration earned in the respective years.

²⁾ Remuneration for President and CEO was 2.1% (612 thousand SEK) lower in 2022 compared with 2011.

³⁾ The Group Operating Income margin (excluding non-recurring items) was 0.6% in 2022 vs 6.0 % in 2021.

⁴⁾ Excluding members of Group Management

