Always act ethically and respect human rights

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

<table>
<thead>
<tr>
<th>The roadmap to 2020</th>
<th>Next steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide guidance to employees on how to do the right thing by promoting the Code of Conduct and Code of Ethics.</td>
<td>Achieve global rollout of the Ethics at Electrolux program.</td>
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<tr>
<td>Be responsive and respectful when dealing with issues of concern, building trust in our Ethics Program among employees.</td>
<td>Work to improve the degree of employee trust in the Ethics Helpline in those countries with low scores in the 2016 employee engagement survey.</td>
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<td>Work to improve the degree of employee trust in the Ethics Helpline in those countries with low scores in the 2016 employee engagement survey.</td>
<td>Further develop our process for handling Ethics Helpline cases, through shared learning and common principles of integrity and confidentiality.</td>
</tr>
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- On track
- Additional effort is required
- Off track
- Work has not yet begun

How we measure progress
1. Share of Electrolux employees covered by the Ethics Helpline.
2. Share of women in Tier 2 and Tier 3 positions.
3. Level of trust in the Ethics Helpline according to our employees.
4. Level of understanding of the Code of Conduct by our employees.
The nine Electrolux promises reinforce the importance of human and labor rights, ethics and anti-corruption.

Building a cohesive approach to human rights
The aim of our work with human rights includes providing a safe environment where workers are free from harassment or discrimination, providing fair working conditions for employees and respecting their freedom of association.
In 2016, we identified and assessed our human rights risks at the corporate level, involving a cross-section of approximately 40 Electrolux representatives from different regions, sectors and functions. The assessment activities included web-based surveys and workshops. The resulting human rights risk profile was presented to the Ethics & Human Rights Steering Group, the CEO and the sector heads for final approval. Our next step will be to develop and pilot a framework for local assessments.

Furthermore, the governance model for human rights was established and agreed during 2016. Labor rights is a central part of our human rights agenda, and 42 of 49 Electrolux sites have labor and management committees in place to allow dialogue on issues of mutual interest. Additionally, all sites have occupational health and safety committees. Constructive dialogue with employees helps us address the concerns of our employees at an early stage and handle potential labor issues at site level.

Providing guidance to employees
We have been working to build on and communicate ethics and human rights throughout the company, through both the Ethics at Electrolux program and training on specific Group policies. The Ethics at Electrolux program began its rollout in 2011, and includes training on a wide range of ethics-related topics. In 2015, we launched more in-depth training campaigns on our Code of Conduct and our policies on anti-corruption and anti-trust, which continued in 2016.

In 2016, approximately 3,000 employees and line managers took part in our Code of Conduct e-learning training, corresponding to approximately 1,500 hours of training. This is in addition to the 10,000 employees who were trained in 2015. As per the results of the employee engagement survey in 2016, 85% of employees believe they have a high level of understanding of what is expected of them in terms of the Code of Conduct.

The Group-wide e-learning courses on anti-corruption and anti-trust was also made available to employees in 2015, and so far over 13,000 employees have completed the e-learning courses on Corruption & Bribery and Anti-Trust. The completion rate among managers is currently 85% and efforts are being made to increase this proportion. Additionally, in the US, where local e-learning programs are launched, 3,875 online training sessions were completed in 2016. These initiatives complement the tailored training that certain functions such as sales, procurement and senior management receive. Such face-to-face training sessions have been conducted locally throughout the organisation by either inhouse legal counsel or by external experts. Training requirements are continuously monitored and evaluated based on business needs, and the legal
and risk context. In total, employees engaged in approximately 7,400 hours of e-learning on these topics.

The participation level for the Code of Conduct e-learning, and for the Group-wide anti-corruption and anti-trust e-learning is below our expectations. We plan to implement a global e-learning management system, which will improve our capabilities for systematic follow up.

Dealing with concerns
Through the Ethics at Electrolux program, we encourage employees to speak to their manager, HR department or another relevant person in the organization if they wish to report an incident. Or, if more comfortable for them, they can use our whistle-blowing system, the Ethics Helpline (Alertline in North America) where incidents can be reported in local languages. By the end of 2016, 99% of our employees had access to the whistle-blowing system. In 2016, the system was rolled out in France, the last remaining major country.

This year, 151 (153) cases were reported through the whistle-blowing system. 78 (48) cases were considered as beyond the scope of the Helpline, or lacking sufficient detail to enable investigation. 73 (105) reports led to investigation. The majority of the reports related to discrimination and harassment, such as the use of abusive language or disrespectful behavior. This type of misconduct most often resulted in warnings and retraining. A large proportion of the cases falls into the category 'Other'. This category includes, for instance, practices linked to working hours, compensation and promotion, as well as inappropriate behavior in the workplace. In total, four people were dismissed from the company as a consequence of investigations into Helpline cases. (See graph).

The employee engagement survey in 2016 indicates there is room to improve our employees’ trust in the Ethics Helpline (67% of employees are positive toward the Helpline). The results are being analyzed and measures will be taken in 2017.

Supporting diversity
At Electrolux we want all women and men to have the same rights and obligations, as well as equal opportunities for development and career progression to leadership positions. Our overall gender split is 35% women and 65% men. In 2012, we set Group objectives to increase female representation in Tier 2 positions (reporting to a Group Management member) to 25%, and in Tier 3 positions (reporting to Tier 2) to at least 30% by 2017 (revised from 2015). Electrolux aims to continuously improve the number of female leaders at all levels across all functions, and seeks female applicants for every position as part of the recruitment process.
At the end of 2016, 25% (23) of Tier 2 managers and 27% (27) of Tier 3 managers were women, meeting the Tier 2 target but falling short of the Tier 3 target. New targets have been agreed: 30% of Tier 2 managers and 35% of Tier 3 managers shall be women by 2020. As part of a dedicated pilot project in 2017, we will focus on attracting, developing and retaining more female qualified candidates for first time leadership roles and project management positions in our core business.

Our partnership with AIESEC, an international platform for young people to explore and develop their leadership potential, allows us to tap into a diverse talent pool by offering internships throughout our Global industrial operations. At the year end, Electrolux had 50 interns, 56% were women and 44% men. The total number of nationalities represented by all interns so far in the program is 73, and the total global retention rate for interns is 74%. We will continue our work on creating awareness of our sustainability priorities and ambitions, and focus on finding talent within the areas of Science, Technology, Engineering and Mathematics together with AIESEC (STEM pilot program).

The challenges

- Developing our corporate culture, bridging different countries and diverse backgrounds in a matrix organization.
• Improving labor conditions: Audits point to recurring non-compliance with working hour restrictions.
• Raising the bar on diversity: Identifying barriers to greater gender diversity among senior managers.

Helpline cases

<table>
<thead>
<tr>
<th>NUMBER</th>
<th>Discrimination and harassment</th>
<th>Other</th>
<th>Conflicts of interest</th>
<th>Business integrity</th>
<th>Safety</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td></td>
<td>25</td>
<td>20</td>
<td>15</td>
<td>10</td>
</tr>
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</table>

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

Key findings of the 2016 Employee Engagement Survey

<table>
<thead>
<tr>
<th>Survey statement</th>
<th>Proportion of non-production employees responding positively to the statement</th>
<th>Proportion of production employees responding positively to the statement</th>
<th>Proportion of total workforce</th>
</tr>
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<tr>
<td>I understand how I am expected to act in order to follow the Code of</td>
<td>94%</td>
<td>80%</td>
<td>85%</td>
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</table>
The concerns reported through the Ethics Helpline/Alertline are handled confidentially and fairly. The level of understanding of the Code of Conduct is high amongst employees, but the level of trust in the Ethics Helpline needs to be addressed in several regions. The questions on diversity and equal treatment indicate an improvement compared with last year, whereas production employees are less positive in this area.

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<td>At Electrolux, people with diverse backgrounds, styles and approaches have equal opportunities for development</td>
<td>72% (68)</td>
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<td>At Electrolux, equal treatment of employees is both supported and promoted</td>
<td>72% (67)</td>
<td>48% (37)</td>
<td>57%</td>
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The Annual Report for AB Electrolux (publ) 556009-4178, consists of the Report by the Board of Directors, Notes, Proposed distribution of earnings and Auditors’ report.

AB ELECTROLUX
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