



# Electrolux Sustainability Report 2018

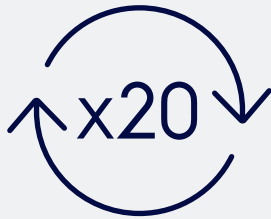
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[www.electroluxgroup.com/sustainabilityreport2018](http://www.electroluxgroup.com/sustainabilityreport2018)

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# For the Better – key results 2018

## Better Solutions



20 times more recycled plastic used in products in 2018 compared with 2011



The amount of recycled steel has increased from 7% in 2013 to 24% in 2018

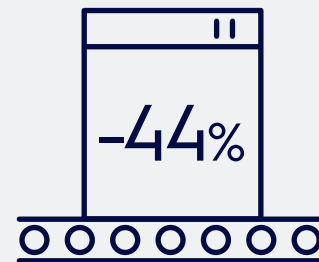


Green range of products accounted for 21% of total units sold and 29% of gross profit in 2018

## Better Operations



-66% absolute CO<sub>2</sub> emissions in operations since 2005



-44% energy used per manufactured product compared to 2005



90% of employees stated they understand how they should act in accordance with our Code of Conduct

## Better Society



Thirteen local and three global Electrolux Food Foundation projects up and running



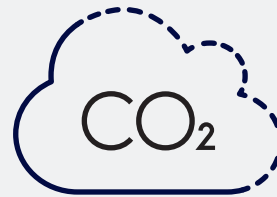
Reached close to 6,200 people working at over 120 of our suppliers through face-to-face and digital training



Improved CO<sub>2</sub> efficiency in global sea freight by more than 25% during the last 5 years

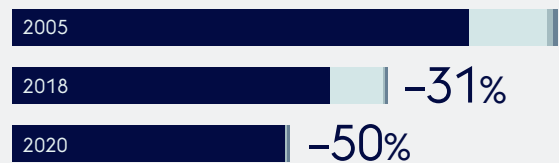
## Our targets for the future

OUR SCIENCE-BASED TARGETS



We step up our climate action with approved science-based targets in line with the Paris Climate Agreement.

OUR -50% CLIMATE TARGET 2020



■ Product use ■ Greenhouse gases ■ Manufacturing ■ Transport

OTHER TARGETS FOR 2020

# 50%

Achieve a 50% share of renewable energy for our operations

# zero

Implement Zero Landfill program in all manufacturing sites

# For the Better

Our sustainability framework – For the Better – defines how Electrolux works to achieve Better Solutions, Better Operations and a Better Society. It includes our most material sustainability issues and helps us strive toward our purpose to shape living for the better. In 2019, we will update the framework and set up new 2030 targets.

Better solutions	Better operations	Better society
Improve product performance and efficiency	Ensure the best health and safety	Solutions for healthy and sustainable living for more people
Make better use of resources	Achieve more with less	Be a force for good
Eliminate harmful materials	Respect human rights and ethical principles	Improve supply chain sustainability
Climate targets		

# Sustainability Q&A with Jonas Samuelson, Electrolux President and CEO



## Could you tell us about the new Electrolux climate target?

In January 2018, our new science-based climate target were approved by the Science Based Targets initiative as being aligned with the Paris Climate Agreement. The target aims for 80% emissions reductions in our operations and 25% reductions from our products by 2025. I am proud that the target reinforces our position as a leading company on taking climate action. Our science-based target will contribute to long-term and structured action on climate change that goes beyond our current 2020 climate objective.

## How have the re-engineering and efficiency investment plans progressed in 2018?

We stepped up our efficiency investments in factories and new products to SEK 5.6 billion during the year. We have also increased our R&D expenditure to 3.2% of net sales. These large investments will realize significant financial and environmental savings and make a major contribution toward our climate targets.

As part of our commitment to Better Operations, we have commenced several projects to upgrade our factories in North America and Latin America. In February 2018, we published our re-engineering plan, which details our investments to improve energy efficiency and eliminate hydrofluorocarbons.

We also continue to improve product environmental performance and efficiency. New efficient products include our professional Line 6000 tumble dryer that achieves over 60% energy savings compared with standard driers and provides the shortest drying times on the market. In parallel with the manufacturing re-engineering program, we are introducing new product platforms to improve energy efficiency and environmental performance. These products will be presented to the market during 2019 and 2020. We estimate the investment plan will avoid greenhouse gases equivalent to millions metric tons of CO<sub>2</sub>.

## What progress has been made in terms of diversity?

We stepped up our efforts with inclusiveness and diversity during the year. Our diversity network is growing and has proved to be a useful platform for discussion, interaction and cooperation. It is pleasing that our proportion of female Tier 3 managers increased to 35% and initiatives such as our Global Engineering Program have provided us with a great way to recruit more female engineers.

## How important are the UN Sustainable Development Goals to Electrolux?

The SDGs are an important part of our materiality for sustainability issues, and our sustainability framework – For the Better – supports several of the goals. Crucially, I believe the correlation between our sustainability framework and the SDGs highlights that our agenda reflects societal objectives. Our framework is further reinforced by international agreements, such as the ten principles of the UN Global Compact, which we are a long-term signatory of.

## How has the work gone to integrate the Electrolux purpose into the business?

As 'Act Sustainably' is one of the three drivers of our 'Shape living for the better' purpose, it really helped us to more closely integrate sustainability into everything we do in 2018. This work paved the way for a new ambitious program that will be launched in 2019 as part of our 100-year anniversary.

## What does the 100-year anniversary mean for sustainability at Electrolux?

Our anniversary means that we have been reinventing great taste, care and wellbeing experiences for our consumers for a century. In doing this, we have increased the quality of life for hundreds of millions of people around the world. Our driving force to constantly improve has always been to innovate on the basis of solving real problems in everyday life, which we have increasingly done while being mindful of the impacts on the planet.

During 2018, we have considered how to turn our purpose into action and continue to shape living for the better – today, tomorrow and for another 100 years. In 2019, we will renew and step up our work with sustainability with a global, long-term initiative to create a more enjoyable and sustainable future. I look forward to telling you more about our most important initiative ever, and how it will benefit you as an Electrolux consumer, investor, employee, partner or stakeholder.



# Sustainability Q&A with Henrik Sundström, VP Sustainability Affairs



## What were the main sustainability achievements for Electrolux in 2018?

Our overall progress in terms of sustainability was well summarized by our employees through the results of the 2018 Employee Engagement Survey. The survey concluded that 83% of our employees consider sustainability to be a natural part of their everyday work and 80% are proud of the progress Electrolux has made with environmental and social responsibility. This is a significant increase compared to 74% in 2016 for both areas.

The approval of our new science-based targets was clearly a great achievement. We also continued to demonstrate our climate leadership by being included in the CDP A list for the third year running and scoring B in the CDP Water questionnaire.

We made progress in terms of conflict minerals by expanding our Conflict Minerals Due Diligence Program and continuing to work with our suppliers to increase awareness and mitigate risks. We published an expanded conflict minerals report that investigated over 400 suppliers. The report was inspired by US legislation on conflict minerals, but we conducted it voluntarily to address the risks in our supply chain.

We also retained our position as an industry leader in the Consumer Durables category of the Dow Jones Sustainability Index (DJSI World). It is the twelfth consecutive year that Electrolux receives this recognition based on the assessment by RobecoSAM, and we were the only company in the sector to receive the RobecoSAM Gold Class award.

## Could you tell us more about the science-based climate target that Jonas also mentioned?

To set science-based target means that we have thoroughly analyzed the climate footprint throughout our value chain and defined targets in line with the Paris Climate Agreement.

Our science-based target includes our operations (scope 1 & 2), high impact greenhouse gases (scope 1 & 3), and the use phase of our products (Scope 3). This crucially aligns our climate work with international efforts by contributing toward the below 2 degree target set by the Paris Agreement, and will guide our business in line with what the planet can cope with. Achieving our targets will able us to save almost 50 million metric tons of CO<sub>2</sub>.

## How has the Electrolux Food Foundation developed?

The Electrolux Food Foundation is our means to inspire more sustainable food choices among consumers and professionals, and to support people in need in the communities around us. In 2018, we finalized our first phase to develop good processes, cooperation with external partners and formulate targets. In 2019, we intend to scale up and replicate good practice.

## What were the main challenges or difficulties faced during the year?

We are not satisfied with our progress on our 2020 recycled material targets – mainly due to it taking longer than expected for us to integrate recycled materials into our products. We are therefore now working to replicate our good practice around the world and are developing even more ambitious action plans and targets for 2030.

Progress on product energy efficiency was also hindered during the year by external societal factors – such as slower implementation of energy labeling and energy performance standards in some markets.

## Does Electrolux abide by the latest Global Reporting Initiative (GRI) standards?

Yes, this Sustainability Report is in accordance with the latest GRI Standards. Our transition to the GRI Standards was completed smoothly during the year. This involved further developing our management approach, which gives us – as well as our stakeholders – even more clarity on how we manage our sustainability work and drive our sustainability agenda.

## What are you most looking forward to in 2019?

We have a great deal to look forward to. Our current sustainability framework – For the Better – has targets defined for 2020 and we will now update the framework for 2030. We have also started a process to develop our purpose – Shape living for the better – in which sustainability is a key pillar. Finally, the Group's 100-year anniversary will highlight how Electrolux has been fundamental to shaping the way we live today, but also how we can contribute to more sustainable lifestyles for the next 100 years.

# Constantly improve product performance and efficiency

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

## Our promise

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

## Roadmap 2015 to 2020

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

## The case for action

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

Efficient appliances can help with these issues, by saving energy and water throughout their lifespan. Efficient dishwashers for example are more water efficient than washing dishes by hand. Product energy use is responsible for over 80% of our climate impact, product energy efficiency is where we can make our greatest contribution to tackling climate change.

## Our approach

### Product generation planning

Product efficiency targets and KPIs are integrated into our product generation planning – supported by an analysis of the regulatory landscape, energy labeling, market position and energy-efficiency improvements. We strive to be a market

leader in product efficiency in all our main markets, and we set our product performance targets accordingly. Our individual product efficiency targets are also designed to contribute toward our climate targets.

## Reporting

In our reporting, we measure sales volumes and gross profit from our Green range in main markets compared with our global offering. Our Green Range includes our most energy and water efficient products. We have a clear follow-up methodology for energy and water performance that allows us to track progress against our goals.

## Product efficiency innovation

This promise is embedded in the Group's R&D processes through defined targets and KPIs for each major product category where efficiency standards exist. We are also exploring efficiency opportunities related to digitalization and connectivity by developing smart appliances to measure consumer behavior or connect to a smart grid to optimize energy use. Our expenditure on research and development in 2018, including the capitalization of SEK 4,36m (355), amounted to SEK 3,960m (3,621) corresponding to 3.2% (3.0) of net sales.

## Challenges

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

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



# The progress on our promise

## How we measure progress

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

## Our efficient products

During the year, we continued our work to gather product data, which forms the basis for our work with promoting efficient products. This data enables Electrolux to demonstrate the value of more efficient products – both from an environmental and financial perspective for our customers.

Every year we raise the bar in terms of the criteria used to evaluate the products included in our Green Range, which include our most energy and water efficient products. Our Green Range also makes good business sense in terms of profitability for Electrolux as it accounted for 21% (19) of total units sold and 29% (28) of gross profit for consumer products.

## New efficient products

Our new efficient products launched in 2018 include our energy efficient Pure D9 vacuum cleaner and washing machines that allow the automatic dosing of detergent to optimize the amount of detergent needed. We also introduced ovens with assisted cooking features that promote efficiency and preserve the nutritional value of ingredients by avoiding overcooking.

During 2018, we worked with product cycle planning to ensure our products meet forthcoming European energy labelling regulations from 2019/20. This involves upgrading the energy performance of products such as refrigerators, dishwashers and washing machines.

## Stakeholder engagement on product efficiency

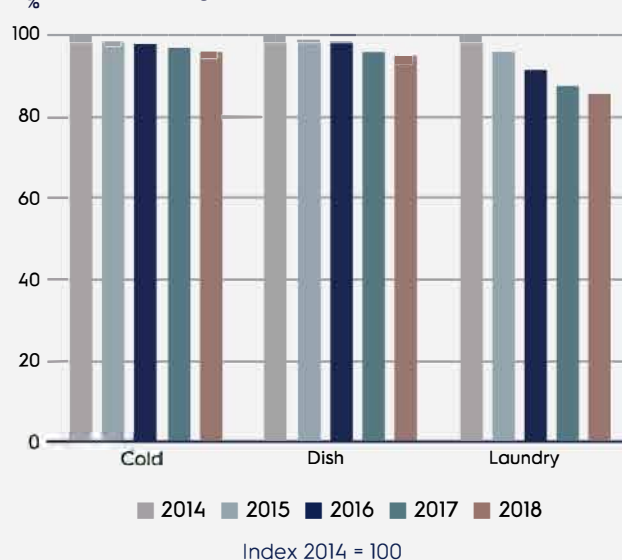
In 2018, Electrolux hosted a conference on water footprinting and water efficiency at our head office as part of the Stockholm World Water Week. The conference was attended by international water experts, businesses and NGOs, and provided us with good stakeholder input on water issues and the next steps Electrolux should take. The Electrolux Innovation Factory was also launched to provide an inspirational and collaborative space to accelerate product innovation with external partners, such as start-ups, SMEs and university spin-offs.

## Efficiency requirements and fleet average

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

In Europe, which represents 34% of total Group sales, energy efficiency has improved by an average of 2% per year since 2014 (see the graph EU Fleet Average below), and Electrolux is well established in the European efficiency market. For example, we are a clear leader in the fabric care category.

## EU Fleet average 2014-2018



In Europe, Electrolux continuously improved its energy efficiency across three product categories in 2018. The energy index is set at 100% for 2014.

# 21/29%

The global green range accounted for 21% of total units sold but 29% of gross profit for consumer products in 2018.

## Contributing to our climate targets

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





[Read more about Our climate targets.](#)

## R&D spent on sustainability-related innovation

Our global approach to product design and modularization is crucial for stepping up the level of ambition across product categories. The expenditure for research and development in 2018, including capitalization of SEK 436 (355), amounted to SEK 3,960m (3,621) corresponding to 3.2% (3.0) of net sales.

## Next steps

Roadmap to 2020	Next steps 2019	Status
Be a leader in product efficiency in our most important markets by 2020.	Preparing for energy labeling and raised energy-efficiency standards in the EU and for refrigeration in Australia.	
Continue to develop products with good environmental performance, with focus on energy efficiency.	Further integration into product R&D. Continue to spend one-third of our R&D budget on sustainable product innovation, in terms of water and energy efficiency.	

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

# Make better use of resources

We are increasing our use of recycled materials, which helps us make better use of resources, reduce our environmental impact, and promote the circular economy.

## Our promise

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

## Roadmap 2015 to 2020

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

## The case for action

### Population growth and raw materials

As the global middle class is expected to more than double in size by 2030, the demand for material resources will increase together with the demand for goods and services. For Electrolux, this means we can expect the price of materials such as steel, plastic and electronic components to become more volatile.

### Circular economy

There is an urgent need to reduce the pressure on raw material resources and the environmental impacts associated with their extraction. One way to do this is to move towards systems that are more circular and ensure the maximum value from resources by recovering and reusing materials at the end of each service life. According to the 2018 Circularity Gap Report by Circle Economy, only 9% of the resources used globally are cycled back into the economy after use. The report stresses the need for a circular economy that makes better use of resources to prevent further and accelerated environmental degradation and social inequality.

### Greenhouse gas emissions

Virgin materials cause considerable greenhouse gas emissions through their extraction and manufacture. For example, the emissions from the production of plastic in our products are approximately equivalent to the emissions from our operations and transport activities combined. Recycled materials on the other hand can have substantially lower greenhouse gas emissions. This means that increasing the amount of high-quality recycled materials in our products can make an important contribution to combating climate change. Steel is the largest material we use by volume and is an even greater source of CO<sub>2</sub> emissions than plastic. By sourcing scrap-based steel, we can make a significant reduction in our CO<sub>2</sub> footprint from materials.

## Our approach

Our internal Recycling Taskforce includes representatives from each Electrolux sector, purchasing, R&D, production and product lines to define this promise's scope, targets and action points. This involves finding reliable and high-quality material suppliers, to identify the best opportunities within each product category for replacing virgin materials with recycled materials – either within the existing design, by adapting the design for recycled materials, and by adapting material recipes and production processes to ensure the recycled materials meet our requirements.

## Challenges

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

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

# The progress on our promise

## How we measure progress

1. The amount of recycled plastic we buy (in metric tons)
2. The carbon footprint of the steel we buy compared with our 2013 baseline

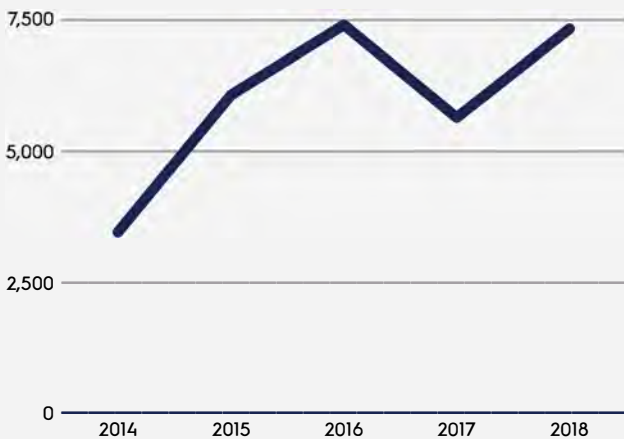
### Recycled plastics

Our objective is to use 20,000 metric tons of recycled plastic per year by 2020. In 2018, we increased the amount of recycled plastic we used compared with last year – from 5,600 metric tons in 2017 to 7,300 metric tons in 2018. This is over 20 times more recycled plastic than we used in 2011 when we began reporting.

The amount of recycled plastic we used increased during the year as virgin plastic was replaced with recycled plastic in new product platforms. We are working to better incorporate recycled plastics into new products from the outset, which we already do for our vacuum cleaners. In 2018, we held two internal workshops to promote the incorporation of recycled plastics in new product platforms.

### Amount of recycled plastic

(Metric ton)

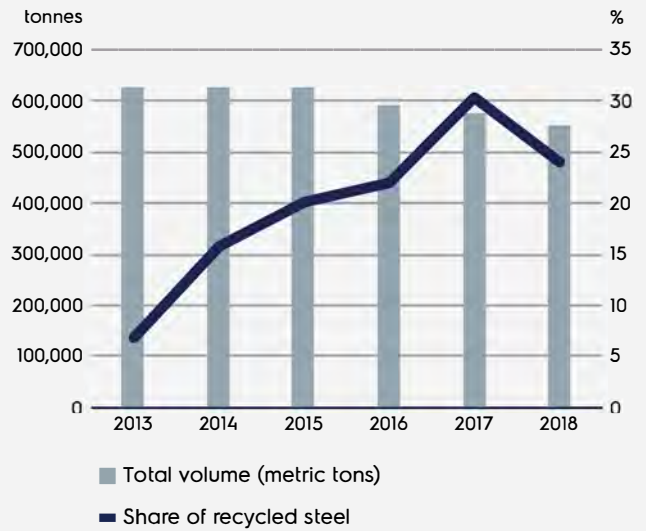


### Recycled steel

Electrolux has increased the amount of recycled steel from 7% in 2013 to 24% in 2018, which has reduced the average annual carbon emissions per metric ton of steel from 2.1 to 1.7 metric tons of CO<sub>2</sub>, and the annual CO<sub>2</sub> emissions by 251,000 metric tons. Since 2013, we have avoided the generation of 1,335,000 metric tons of CO<sub>2</sub> emissions by using recycled steel instead of ore-based steel. Additionally, the ore-based steel we use contains up to 30% recycled steel, although that has not been taken into consideration in this calculation.

Although we have made significant improvements since 2013, we saw a reduction in our use of recycled steel in 2018 compared with the previous year. This is mainly due to the ongoing trade conflict between the US and China, which is expected to have a further negative impact in 2019 on our use of recycled steel.





### Steel evolution



Electrolux has made most progress with scrap-based steel in North America, where the availability of high-quality scrap-based steel is good. While we would like to see this happen in other sectors, it will take a longer time to realize due to structural differences between the steel industries in different regions, with less high-quality scrap-based steel available outside North America. In Europe, suppliers typically sell a lower quality of scrap-based steel, which is inadequate for Electrolux products.

## Next steps

Roadmap 2015 to 2020	Next steps in 2019	Status
Replace virgin materials with recycled materials in our products.	Expand strategic partnerships with suppliers. Leverage experience from Europe in other regions.	
Increase the volume of recycled plastic to 20,000 metric tons annually.	Focus on purchasing and R&D efforts to enable the introduction of recycled plastic in more applications.	
Increase amount of scrap-based steel in our production.	Continue to leverage experience from North America in other regions and identify suppliers of scrap-based steel outside North America.	

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



# Eliminate harmful materials

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

## Our promise

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

## Roadmap 2015 to 2020

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

## The case for action

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

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

## Our approach

### Chemical management and compliance

The Electrolux Global Chemicals Office coordinates and manages the chemicals listed on our Restricted Materials List throughout the Group and among our suppliers. Our

environmental management process tracks material use on a site-by-site basis. Focusing on high-risk applications and suppliers, we test thousands of components every year for chemical compliance at Electrolux laboratories and selected approved institutes.

### Eco@web

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

### Electrolux Restricted Materials List

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

## Challenges

- Driving the phase out of chemicals where it is not supported by regulation.
- Complete substitution of HFCs in air conditioners, where there are no common industry solutions available.
- Replacing high-impact greenhouse gases needs to be driven industry-wide as solutions are dependent on legislation to enable viable alternatives.

# The progress on our promise

## How we measure progress

1. Level of implementation of the Group chemical management tool Eco@web throughout the organization.
2. Annual update of the Electrolux Restricted Materials List.
3. Progress on the phase-out of high impact greenhouse gases.

## Chemical management and Electrolux Restricted Materials List

In 2018, we continued the global roll out of our Eco@web tool. We focused on the Asia-Pacific region, the Home Care & Small Domestic Appliances product category, as well as the Professional Food Service category where we completed implementation of the tool. We will continue to work toward completing the global implementation and to cover a larger supply base in the areas where the system has already been installed.

## Phase-out of high-impact greenhouse gases.

One focus area is the phase out of hydro fluorocarbons (HFCs) that have a high global warming potential and are used in some markets as refrigerants or for foam blowing. We aim to have phased out HFCs from all markets by 2020, which will





reduce our CO<sub>2</sub> footprint by 14% compared with the 2005 baseline.

At Electrolux Australia, as well as in countries in Asia, the phase-out of HFCs in refrigerators was completed ahead of legislation, and we are in the process of doing the same in other markets. We have made significant investments in the US to move to hydrocarbon refrigerants, which have less climate impact than HFCs. For example, a large manufacturing site in the US has already replaced the HFC blowing agent with cyclopentane, and other North American operations will follow suit by 2020.

Following several years of advocacy in the US, spearheaded by Electrolux and the North American industry organization AHAM, US safety standards were revised in 2018 to allow producers of consumer refrigerators and freezers to transition away from HFCs to more eco-friendly hydrocarbon refrigerants. This is a clear example of how we work together with key stakeholders to overcome challenges and influence legislation for the better.

## Next steps

Roadmap 2015 to 2020	Next steps in 2019	Status
Implement a best-in-class global system for improving the control of chemicals throughout our complex supply chain and work with suppliers to replace chemicals of concern.	Improve coverage of supplier declarations of chemicals throughout our regions.	
Raise the bar on chemical requirements, taking into account new scientific findings.	Annual update of the Electrolux Restricted Materials List.	
Eliminate all high-impact greenhouse gases from our products.	Continue to phase-out high-impact greenhouse gases in air conditioning, food preservation and fabric care globally.	

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

# Achieve more with less

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

## Our promise

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

## Roadmap 2015 to 2020

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

## The case for action

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

## Our approach

Operational resource management – including energy, water and waste – is coordinated globally with a common process and strategy wherever in the world we operate. Our Green Spirit program includes criteria related to energy performance, management, engagement and implemented actions that are

reviewed annually. The program benefits the environment, reduces our carbon footprint and makes financial savings. We also share best practice among manufacturing sites through the program.

All manufacturing units with over 50 employees must be certified to ISO 14001, and 94% of our factories were certified at the end of 2018. In addition, we are striving to implement the ISO 50001 energy management system at all our manufacturing sites by 2020.

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

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

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

## Challenges

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

# The progress on our promise

## How we measure progress

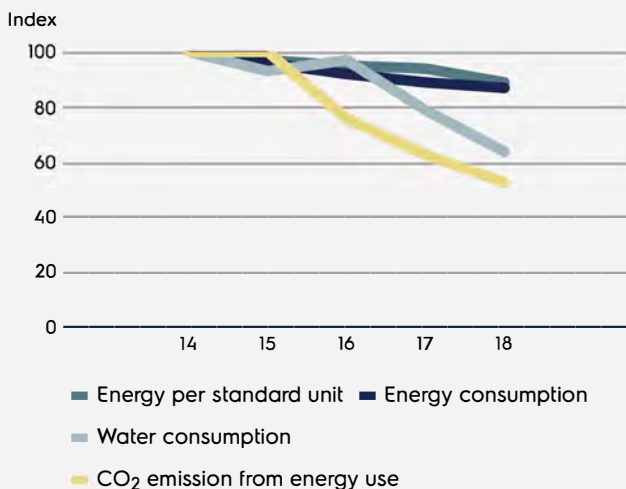
1. Energy efficiency (energy used per unit produced).
2. Water efficiency (water used per unit produced).
3. Proportion of manufacturing sites with a certified energy management system.
4. Proportion of renewable energy.
5. Number of factories where the Zero Landfill program is implemented.

Electrolux has again been identified as a global leader in responding to climate change by CDP. The CDP Climate Change A list includes an exclusive group of companies, with only 2% of corporate global leaders making the list in 2018.

## Energy efficiency

In 2018, we improved our energy efficiency per product by 5.5% compared with the previous year. This was achieved through a continued focus on energy management, technological investments in new equipment, employee awareness and behavioral change, and by implementing best practice throughout our operations.

## Operational resource efficiency



Our Green Sprit program, including our Green Sprit rating and certification system, was also crucial in driving energy efficiency. In 2018, we held workshops with internal and external stakeholders as part of the development of Green Sprit 2.0, which will involve developing a completely revised program with more comprehensive criteria and new themes, such as digitalization. We plan to pilot Green Sprit 2.0 in 2019 with test audits in selected Electrolux factories around the world, and the aim of full implementation in 2020.

In 2018, we held four face-to-face Green Spirit summits in North America, Latin America, APAC, and a global summit for the Professional sector. The attendees included people from our manufacturing sites as well as from the regional and global leadership teams. The summits looked into how we can develop our strategy and factory teams were encouraged to share their learnings on best practices. A global meeting with regional leaders was also held to discuss Green Sprit 2.0 and digitalization.

Efficiency improvements in recent years, together with a shift to renewable electricity, has reduced energy consumed at our manufacturing sites per product by around 44% and absolute CO<sub>2</sub> emissions by 66% compared with 2005, which equates to an annual financial saving of over SEK 500m. Over this period, the Group's revenue has increased, which illustrates that Electrolux has decoupled revenue growth from CO<sub>2</sub> emissions.

In 2018, Electrolux formulated an investment strategy for energy efficient equipment and the optimization of our IT solution by including energy criteria on hardware - i.e. computers, printers and monitors for IT Suppliers. In addition, a quarterly follow up on energy efficiency in our data centers has been introduced.

## Energy management systems

We made good progress on implementing the ISO 50001 energy management system, which promotes the more efficient use of energy in our operations. ISO 50001 has been implemented at 25 (8) Electrolux sites to date, and several more are in the process of certification. These include sites in Brazil, Chile, Argentina, Australia, Germany, Italy, Hungary, Thailand, China, Australia and Sweden.

## Renewable energy

In 2018, we increased the number of our sites that generate a proportion of their own electricity through photovoltaic solar systems. By the end of 2018, Electrolux has its own solar systems at 9 sites in Italy, Thailand, Australia and Mexico.

In 2018, 24 Electrolux manufacturing sites and several offices in Europe and North America procured 100% of their electricity from renewable energy sources, which contributed toward our 50% renewable energy target by 2020. By the end of 2018, 30% of our total energy purchased was from renewable sources. The shift to renewable energy, together with energy efficiency, has contributed toward an absolute reduction of our CO<sub>2</sub> emissions by 47% and CO<sub>2</sub> emissions per unit by 47% since 2015.

### Water

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

In 2018, we hosted a conference on water footprinting and water efficiency at our head office as part of the Stockholm World Water Week. The conference was attended by international water experts, businesses and NGOs, and provided us with good stakeholder input on our approach to water issues and the next steps we should take.

The Green Spirt program involves sharing water management best practices, monthly reporting on water performance indicators as well as conducting water mapping. During the year, we began looking at potential secondary uses for process water. Some of our plants are already closed-loop in terms of reusing process water, but we are investigating opportunities in several other facilities. We also use harvested rainwater in manufacturing processes, such as in Thailand, Brazil and Australia.

In 2018, we achieved an overall improved water efficiency in operations of 35% compared with 2015.

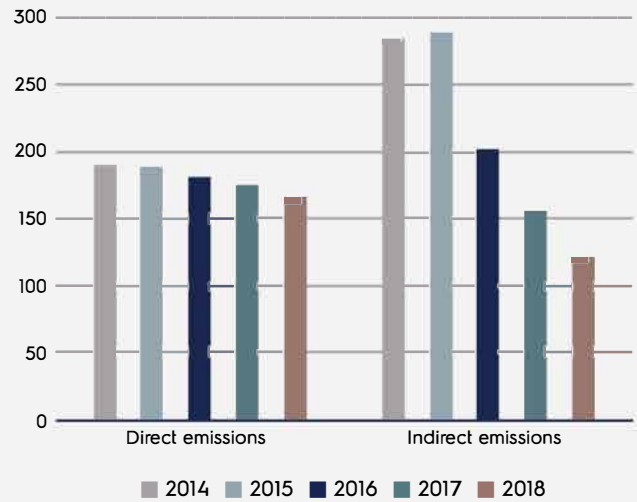
In 2018, we responded to the CDP Water program and were rated B.

### Zero Landfill program

The global Electrolux Zero Waste to Landfill program has been further developed and expanded since January 2018 to all our factories around the world. The aim of the program is to reduce our environmental footprint, find opportunities for material reuse and recycling and at the same time decrease the amount of waste sent to landfill and/or incinerated without energy recovery.

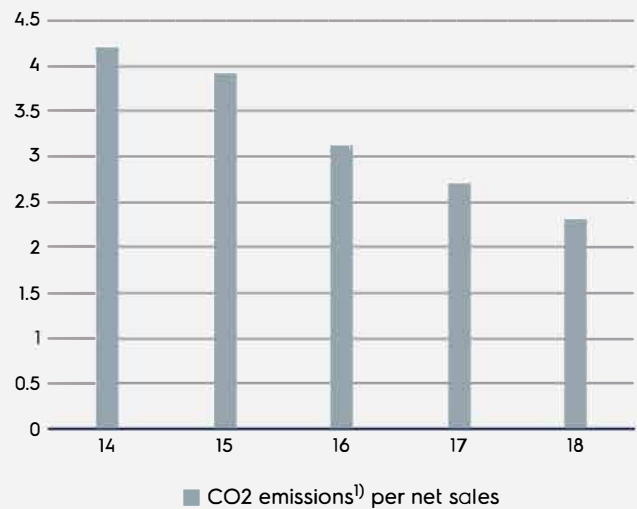
During the year, the global guidelines that specify the standard indicators and targets to be reached were further developed. At the same time, a common waste database has been applied to all factories. In October 2018, our São Carlos factory in Brazil was our first to achieve Zero Waste to Landfill certification issued by a third party (Intertek). Our target for 2019 is to ensure that all our factories have adopted the Zero waste to Landfill program, with the objective to become Zero Landfill Factories. Going forward, the program will focus on the re-use of materials and waste reduction directly at the sources of waste.

Total direct<sup>1)</sup> and indirect CO<sub>2</sub> gas emissions by weight. (metric kton)



<sup>1)</sup> Includes contributions from energy use and Green House Gas fugitive emissions

Greenhouse gas (GHG) emissions<sup>1)</sup> intensity




<sup>1)</sup> Includes contributions from energy use and Green House Gas emissions



## Next steps

Roadmap 2015 to 2020	Next steps in 2019	Status
Improve the energy efficiency of manufacturing sites and warehouses by 20% by 2020 (baseline 2015), engaging all facilities worldwide.	Develop annual energy efficiency action plans, set targets and engage employees.	
Reduce water consumption in manufacturing by 5% every year in areas of water stress, until the site has reached optimal levels of efficiency.	Roll out the water best practice list and review the water stress strategy.	
Attain energy management certification for our operations around the world.	Attain global certification for energy management according to ISO 50001.	
Increase our proportion of renewable energy.	Continue to increase the use of renewable energy throughout our operations.	
Implement a Zero Landfill program at all manufacturing sites by 2020.	Ensure more factories embark on the Zero Landfill program and become zero landfill.	

 On track

 Additional effort is required

 Off track

 Work has not yet begun

# Ensure the best health and safety

Our safety mindset means we prevent accidents and keep our people safe and sound, no matter where they are in the world.

## Our promise

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

### Roadmap 2015 to 2020

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

### The case for action

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

### Our approach

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

All employees and contractors in production are covered by a reporting system to track incidents and hours worked, and our ambition is to apply the same OHS management system throughout the Group and among our contractors. All

manufacturing sites have Central Safety Committees that include managers, workers and worker representatives. All employees receive safety training at their induction and annual training tailored to their function.

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

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

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

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

### Challenges

- The most significant health and safety risks occur in warehouses, where many employees are contractors
- Our updated contractor procedure will allow us to apply the same OHS management system throughout the Group and among contractors by 2019

# The progress on our promise

## How we measure progress

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

In addition, the wellbeing of our people affects our bottom line. Our approach to safety led to an estimated annual saving of over SEK 39m in 2018 compared with 2014, based on the average financial costs associated with injuries and the number of injuries that incur lost days.

## Our safety performance

Since 2014, our injury rate has declined by 34% throughout the Group.

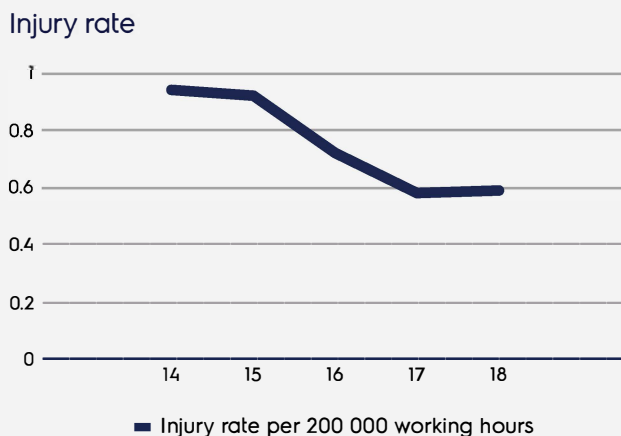
First-class health and safety practices are an essential step for building trust among employees, their families and local communities. Our work with OHS (Occupational Health & Safety) focuses primarily on the safety of workers in production areas and also raises awareness of the health and wellbeing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

During 2018, the safety systems and processes within different business sectors have been aligned in a Group-wide approach – the Electrolux Safety Management System.

Our current global injury rate (TCIR) of 0.59 (0.58) compares favorably with other well-known benchmarks, as reported in publicly available sources. Even though our performance is already high, we have an ambitious target in place: to reduce our global injury rate (TCIR) by at least 5% every year

All units managed through our Global Industrial Operations have a safety program. During 2018, they focused on:

1. Assembly Area Forklift Ban – We have completed the assembly area forklift ban.
2. Segregating pedestrians from forklifts in technical areas – Fences are installed in most of the factories and we are now working to improve pedestrian paths to assure people are segregated from vehicles in all technical areas.
3. Lock-Out Tag Out – Global procedure has been applied to all sites and an audit of all factories on its proper application has been conducted.
4. Contractors working at our sites – A global procedure focused on contractors working at Electrolux facilities has been completed and enforced at all our sites. In 2019, we will audit all sites looking to correct application.
5. Warehouse safety – A warehouse safety plan will be completed and applied during 2019 to combat high TCIR.



## Next steps

Roadmap 2015 to 2020	Next steps in 2019	Status
Continue to reduce our global injury rate (TCIR) by at least 5% every year.	Ongoing work with health and safety.	●
Attain safety certification for our operations around the world.	To be aligned with the launch of new ISO 45001 standard.	○
Integrate the Group's safety program into new acquisitions within three years of purchase.	An ongoing process.	●

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

# Always act ethically and respect human rights

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

## Our promise

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

## Roadmap 2015 to 2020

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

## The case for action

A strong culture of ethics is vital for stakeholder trust and long-term business success. Consumers are increasingly making purchasing choices based on whether a company is perceived as being trustworthy and how it contributes to society. Additionally, employees prefer to work for a company with values that match their own. Corruption also increases the cost of doing business globally by up to 10% on average, according to the World Economic Forum.

## Our approach

Our company is built on trust, which means everything we do and all decisions we make are governed by the principles of ethics, integrity, and respect for people and our planet – regardless of where in the world we operate.

## Our policies

The Electrolux Code of Conduct, our Workplace Policy, our People Policy and our Anti-Corruption Policy are the foundation for our work with ethics, anti-corruption and human rights. Our newly launched Electrolux Code of Conduct, which includes our Human Rights Policy Statement, and a new Human Rights Directive, guides our efforts to assess, manage and mitigate the

risks of non-compliance. It also helps define our expectations throughout the value chain. Communication and educational efforts are used to ensure employees are aware of and understand what our Code and policies mean in practice.

## Workplace Policy self-assessments and audits

The implementation of the Workplace Policy and Directive is followed up by two main procedures – an annual self-assessment for all manufacturing sites (the ALFA survey), and bi-annual Workplace Policy audits of high-risk sites. Both procedures are central, not only for the follow up, but also for educating and reminding line managers of their responsibilities for making Workplace Policy alignment a part of their daily activities.

## Human rights assessments

We conduct country-wide assessments of operations located in high-risk countries from a human rights and corruption perspective. This includes web-based, anonymous surveys and interviews conducted by Electrolux internal specialists and third parties on human rights and corruption. The interviews involve a broad range of workers, sales representatives and managers at Electrolux, as well as external stakeholders such as civil society and academia to understand the risks in the country. The assessment outcomes are agreed in interactive workshops with the local management.

The assessments focus on identifying the risk of harming people, as a direct or indirect result of our operations, and includes corruption risks as well as opportunities to increase local positive impacts.

[Read more in Understanding and managing our human rights risks.](#)

## Whistle-blowing system

Through the Ethics at Electrolux program, employees are encouraged to report incidents to their manager, HR department, Internal Audit or another relevant person in the organization. They can use our whistle-blowing system – the Ethics Helpline – where incidents can be reported confidentially and in local languages.

## Employee engagement survey

Electrolux evaluates the engagement of its employees through the employee engagement survey (EES). The survey includes metrics on important aspects of the company's efforts to act ethically and respect human rights, including the understanding of our Code of Conduct, trust in the Ethics Helpline and equal opportunities.

## Governance

Accountability for the Ethics Program and oversight of Human Rights lies with the cross-functional Ethics & Human Rights Steering Group, which includes representatives from Group

Management. Human rights procedures engage many functions throughout our organization, from Sustainability Affairs and Human Resources to Purchasing, Industrial Operations and Legal.

## Challenges

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

# The progress on our promise

## 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.
5. The proportion of our employees that perceive equal treatment and opportunity to be supported at Electrolux.

## Human rights Impact assessments

We continued our work with local human rights impact assessments during the year, conducting an assessment of Electrolux operations in Ukraine. In addition to interviewing 69 managers and workers throughout the organization, eight external stakeholders were interviewed, including advocacy groups for human rights, labor rights and corruption, as well as representatives from the Swedish embassy. Key risks identified include corruption, responsible sourcing and wage levels. An action plan has been formed around these risks in our organization in Ukraine.

In parallel, we followed up agreed actions from assessments in 2017 in Egypt and Thailand.

## Workplace Policy follow up

All manufacturing sites that were operational at the end of 2018 responded to the Awareness Learning Feedback Assessment (ALFA). See the results here – [ALFA assessments of the Workplace Policy](#).

During the year, 10 (9) of our 18 facilities located in what we rate as high-risk countries were subject to Workplace Policy audits. These audits took place in Brazil, China, Egypt, Mexico and Thailand. The findings include non-compliances in the areas of health and safety, working hours and compensation. Local corrective action plans are addressing the issues we identified.

## Freedom of association

Freedom of association is one of our salient human rights issues. Please see [Understanding and managing our human rights](#)

**risks.** All our employees have the right to join and be a part of unions. At the end of 2018, 57% of our workforce had collective agreements. 44 of our 53 manufacturing units also have local employee-management committees, which deal with work-related issues and sometimes work together with unions.

## Diversity and non-discrimination

Freedom from discrimination is another salient human rights issue, and at Electrolux, we want to ensure that all employees are treated according to their abilities and qualifications in any employment decision. We have a particular focus on gender diversity, and aim to continuously improve the number of female leaders at all levels, and seek female applicants for every position as part of the recruitment process. Our overall gender division is 37% women and 63% men.

At the end of 2018, 27% (28) of Tier 2 managers and 35% (32) of Tier 3 managers were women. We remain committed to achieving our goal of 35% women for Tier 2 and Tier 3 by 2020, as well as focusing on having women in core business leadership positions.

During 2018, our networks promoting diversity and inclusion (Women at Electrolux) have thrived. New networks have been established, which brings the total to six networks across Sweden, US, Brazil, Poland and Italy. Our vision is to contribute to the company's business success by drawing on the full power of gender diversity.

Our partnership with AIESEC, an international platform for young people to explore and develop their leadership potential, allows us to tap into a diverse talent pool by offering internships throughout our global operations. In 2018, Electrolux recruited 68 interns from 32 different countries. 56% were women, with a total global retention rate of 65%. We also focus on finding talented women within the areas of Science, Technology, Engineering and Mathematics together with AIESEC, as part of our Global Engineer Program.

The results on the Employee Engagement Survey (EES) on diversity and equal treatment still indicate room for improvement, and our work with diversity aims to address this.



Percentage positive answers	2018	2016	2015
At Electrolux, the equal treatment of employees is both supported and promoted.	65%	57%	67%
In my team, people with diverse backgrounds, styles, and approaches have equal opportunities for development.	69%	72%	68%

## Ethics

### A new Code of Conduct

In 2018, we developed and launched a new Electrolux Code of Conduct as part of a project to update our Group Policies. The work involved clarifying our commitments and expectations by reducing our number of policies from 36 different policies to one overarching Code of Conduct and 15 Group Policies.

The new Code of Conduct summarizes our key policies and is a guide for employees in how to conduct our business in line with the principles of ethics and integrity. Covering areas such as respect for people, anti-corruption, conflicts of interest, fraud, health, safety and respect for the environment, it forms the basis of our Ethics program. New Code of Conduct e-learning and communication materials to inform employees of the new policies has been developed with a planned launch in early 2019.

The 2018 EES results point to an increased awareness of employees with regard to our Code of Conduct. The responses from employees indicate that the level of understanding of the Code of Conduct has increased to 90%, which means that we have reached our 2020 target one year early. We will continue to build on this as we launch our educational campaign in 2019.

Percentage positive answers	2018	2016	2015
I understand how I am expected to act in order to follow the Code of Conduct.	90%	85%	n/a

### Anti-corruption & anti-trust

The Group's commitment to anti-corruption and anti-trust is highlighted in the Code of Conduct e-learning which will be rolled out to all white collar employees in 2019. In addition, Electrolux has a separate anti-corruption compliance program. One element of this program is training, and in 2018, Electrolux conducted in-depth training on anti-corruption and the related legislation. Training was undertaken via a

dedicated online e-learning course, as well as via face-to-face meetings. Legal teams conducted in-person training and webinars at our sites in Singapore, Malaysia, Taiwan, China and the US. In-person training focused on employees with the highest exposure to risk, such as those in the purchasing, sales, and finance functions. In total, 3,400 employees were trained, either face to face, or through webinars or our e-learning modules. Additionally, 6,200 employees conducted the anti-trust e-learning. Training requirements are continuously monitored and evaluated based on business needs, and the legal and risk context.

### Sexual harassment

Sexual harassment and procedures for handling severe misconduct have been on the agenda of the Group Management since the #metoo movement began in late 2017. During 2018, we have reinforced guidance and launched mandatory education for HR professionals, who in turn are responsible for the education of line managers. The education includes examples of unacceptable misconduct, key principles for dealing with reports of harassment, and emphasizing the responsibility of HR and line managers to act promptly on any information of potential harassment.

### Ethics Helpline cases

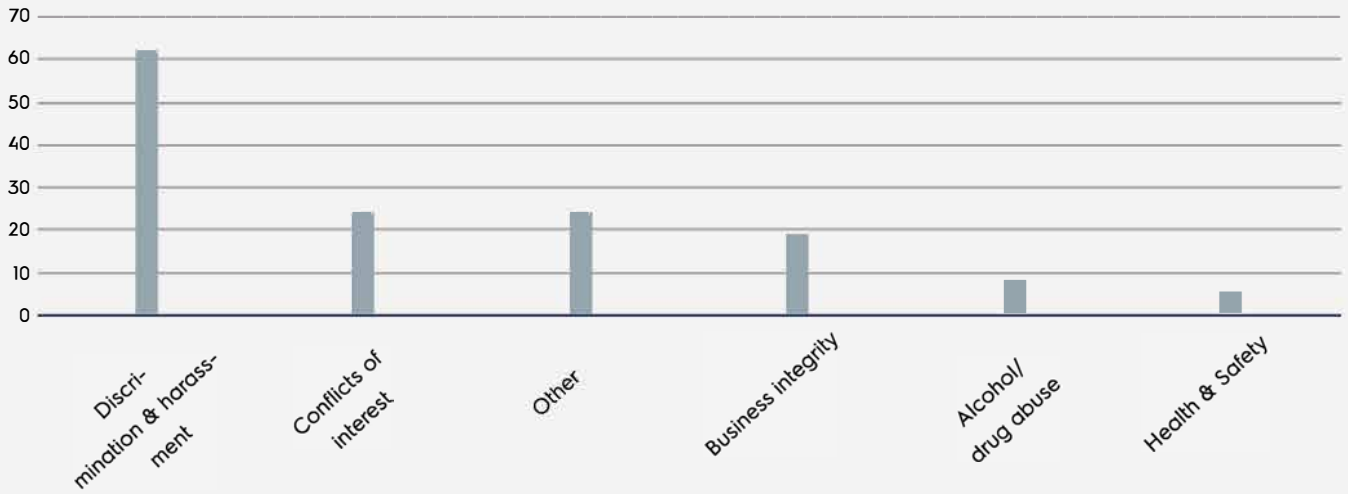
By the end of 2018, 98% of our employees had access to the Ethics Helpline, our whistle-blowing system.

In 2018, 247 (186) cases were reported through our whistle-blowing system. 142 (118) reports led to investigation, and 105 (68) cases were considered outside the scope of the Helpline or lacking sufficient detail to allow investigation. The highest number of reports related to discrimination and harassment, such as the use of abusive language or disrespectful behavior. Typically, these cases result in warnings and retraining, but in some severe cases to dismissal. A proportion of the cases fell into the category 'Other' including complaints related to compensation and promotion, as well as workplace conduct, and working hours. Nineteen cases of breach of business integrity were reported – including fraud, theft and corruption.

In 2018, three (17) people were dismissed from the company as a consequence of investigations into Helpline cases.

During the year, 142 reports were deemed to be in the scope of the Ethics Helpline and were investigated. Discrimination and harassment and conflicts of interest are the most common issues reported.

### Ethics helpline reports 2018



The level of trust in the Ethics Helpline has been addressed since our previous employee survey in 2016 (67%) and the result increased to 76% in 2018. Our target for 2020 is 80%.

our efforts with the Ethics program are progressing in a positive direction.

The fact that there is an increasing number of employees that use the Helpline, combined with the perceived higher level of trust in the whistle-blowing system as per the EES, indicate that

Percentage positive answers	2018	2016	2015
I trust that the concerns reported through the Ethics Helpline are handled confidentially and fairly.	76%	67%	n/a

### Next steps

Roadmap 2015 to 2020	Next steps in 2019	Status
Develop and implement a cohesive, Group-wide approach to human rights.	Continue to conduct local assessments and follow up assessments conducted in 2017 and 2018.	●
Provide guidance to employees on how to do the right thing by promoting the Code of Conduct.	Maintain the global reach of the Ethics at Electrolux program.  Educate employees in the new Code of Conduct and our key policies.	●
Be responsive and respectful when dealing with issues of concern, building trust in our Ethics Program among employees.	Further develop our process for handling Ethics Helpline cases, through training and shared learning, and common principles of integrity and confidentiality.	●
Continue to develop an effective global Anti-Corruption compliance program.	Align and improve corruption prevention efforts throughout the company through various methods, including e-learning and face-to-face training. Emphasize the zero-tolerance message for bribery and corruption throughout the organization.	●

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

# Solutions for healthy and sustainable living for more people

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

## Our promise

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

## The case for action

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

## Efficient appliances can play a key role

As the global middle class will almost double by 2030 this means that the demand for energy, water and resources will continue to increase. Efficient appliances can play a key role by optimizing the use of energy and water in homes. As a leading global appliance company, we have the opportunity to provide efficient and affordable solutions for the growing middle class around the world.

## Our approach

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

In the 2016 brand survey in Brazil, Electrolux was identified as the overall leading brand in the mass market. Consumers want manufacturers to prioritize recycling schemes, water efficiency and the avoidance of harmful materials. The Electrolux brand is strongly associated with environmental issues and energy efficiency, which helps to drive sales of our appliances.

We work with our global technology platform and international partnerships to drive this promise.

## Challenges

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

# The progress on our promise

## How we measure progress

1. This long-term promise involves the ongoing development of our global product platforms
2. Electrolux continues its partnership with the U4E program

## Global technology platform

The Electrolux global technology platform provides a high degree of modularization to deliver affordable products with good environmental performance. In particular, South-East Asia, Latin America and the Middle East are important markets where Electrolux is developing solutions for the growing middle class.

## Partnerships

Electrolux plays an active role in **United for Efficiency (U4E)**, led by the United Nations Environment Program to develop recommendations on how emerging markets can leapfrog to greater energy efficiency. The program aims to advise governments on areas such as energy labeling, incentive programs, and the end-of-life treatment of redundant appliances.

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



# Be a force for good

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

## Our promise

Electrolux will inspire better food consumption and cooking habits among consumers and professionals and help people in need.

## Roadmap 2015 to 2020

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

## The case for action

Feeding the world's growing population sustainably is one of the greatest challenges of our time. 1.3 billion metric tons of food is wasted every year<sup>1)</sup>, over 820 million people are undernourished<sup>2)</sup>, around 192 million are unemployed<sup>3)</sup>, and 22% of the world's greenhouse gas emissions are caused by the food sector<sup>4)</sup>.

## Our approach

As a world-leader in kitchen appliances, we believe Electrolux has both a responsibility and an opportunity to positively contribute to issues related to cooking and food consumption. For this reason, we focus our community support activities on the area of food. Our approach aims to strengthen our corporate culture and employee pride in working for a socially responsible employer – while bringing about real community benefit.

## Worldchefs and AIESEC

Our approach to community support encourages local business units to set up projects together with their employees and key partners, such as Worldchefs and AIESEC. Worldchefs organizes over 10 million chefs worldwide, and AIESEC is a global network of young leaders focusing on global issues and leadership development.

## The Electrolux Food Foundation and Feed the Planet

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

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

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

The Foundation and the Feed the Planet partnership support projects that do one or more of the following:

- Educate children, consumers and professionals on sustainable cooking and eating habits
- Provide professional culinary training that helps people in need to get a job in a professional kitchen
- Provide sustainability education for students in culinary schools
- Support people in need through the donation of meals and equipment, employee engagement and monetary donations

## Challenges

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

## References:

1) <http://www.fao.org/save-food/resources/keyfindings/en/>

2) <http://www.fao.org/world-food-day/theme/en/>

3) [https://www.ilo.org/global/research/global-reports/weso/2018/WCMS\\_615594/lang--en/index.htm](https://www.ilo.org/global/research/global-reports/weso/2018/WCMS_615594/lang--en/index.htm)

4) <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

# The progress on our promise

## How we measure progress

1. Number of projects supported by the Electrolux Food Foundation and the Feed the Planet partnership
2. Number of people educated (trained and participated)
3. Number of meals donated
4. Number of views (social media, website, printed media) and participation in events

In 2018, we took our work with local communities to the next level by integrating our learnings in recent years, replicating good practice and scaling up successful projects. The Electrolux Food Foundation has developed a roadmap and set visionary targets aligned with Agenda 2030.

The roadmap's focus areas, targets and results achieved in 2018 are shown in the table below.

## Awareness

### Vision

Inspire people on the topic of food and sustainability through storytelling.

### 2030 target

Achieve 300 million views by 2030.

### Achieved in 2018

- Achieved a viewership of +40 million across the world.
- Developed a new internal portal and external webpage.
- 80% of Electrolux employees indicated that they are proud of the way Electrolux demonstrates environmental and social responsibility. (Employee Engagement Survey 2018)

## Education: Engagement

### Vision

Make more sustainable eating the preferred choice.

### 2030 target

Engage and inspire 300,000 children, consumers and professionals on better food habits by 2030.

### Achieved in 2018

- 2,000 children were educated in Malaysia, Argentina, Poland, USA and Sweden
- 15,000 people participated in local events in Australia, Malaysia, Poland, Russia, Singapore, Sweden and the US.

## Education: Professional training

### Vision

Make sustainable cooking the preferred choice, while supporting people to enter the labor market.

### 2030 target

Educate and train over 9,000 people around the world by 2030.

### Achieved in 2018

- 75 people graduated from our ten-week culinary training program for unemployed in Brazil and Russia.
- The Sustainability Curriculum was implemented in culinary schools in three countries, resulting in 155 students educated during 2018.

## Relief

### Vision

Support people in need.

### 2030 target

Provide three million meals to help people in need by 2030.

### Achieved in 2018

In North America:



- 90,000 meals were provided to people in need.
- 3,000 non-perishable food items were collected and donated.
- USD 10,000 was donated to organizations with a mission related to hunger.


In Australia:

- 355,000 meals were donated in partnership with OzHarvest.




## Next steps

Roadmap 2015 to 2020	Next steps in 2019	Status
Establish and implement a Group approach to community support.	This has been achieved. In 2019, the focus will be on implementing a roadmap to achieve our newly defined visionary targets for 2030, with milestone targets for 2019.	
Together with our global and local partners, explore possible project models, and replicate and scale up good projects, with the aim of maximizing societal impact.	Replicate and scale up our programs: <ul style="list-style-type: none"> <li>• Education on sustainable cooking and eating habits</li> <li>• Professional culinary training</li> <li>• Sustainability education in culinary schools</li> <li>• Donations of meals to people in need</li> </ul>	

 On track

 Additional effort is required

 Off track

 Work has not yet begun

# Improve sustainability in the supply chain

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

## Our promise

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

## Roadmap 2015 to 2020

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

## The case for action

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

Logistics is also a key area in our supply chain as Electrolux emits more CO<sub>2</sub> in distributing its goods than is emitted through the energy consumed in Group operations. Around 310,000 metric tons are annually emitted through the global transportation of goods via sea, air and land.

## Our approach

### Responsible sourcing

Our +3,000 direct suppliers are required to live up to our Supplier Workplace Standard and Workplace Directive, which are equivalent to the Workplace Policy and Workplace Directive that apply to our own entities. They cover our environmental, health and safety and human rights requirements for suppliers to follow.

All of our critical suppliers are audited at least every other year by our internal teams or external auditing companies. The Electrolux Responsible Sourcing Program is managed by a team of in-house supply chain specialists and consists of four types of activities:

- **Policy awareness and initial evaluations** – to communicate our policies, conduct initial sustainability and risk evaluations of prospective suppliers, and potentially conduct an audit of each supplier as part of the initial sourcing decision.
- **Regular Supplier risk assessment** – conducted annually with a focus on suppliers in high (and medium) risk countries and based on our Responsible Sourcing criteria and sourcing data. The assessments help the Electrolux Responsible Sourcing team to decide which suppliers should participate in audits or other activities. Prioritized suppliers should be subject to an audit at least every second year with follow-ups as needed to secure improvement. Audits are carried out by our internal team or external auditing companies.
- **Supplier capacity building** – online and in-person capacity building initiatives.
- **Making performance count** – supplier evaluations and audits are used in formal sourcing decisions, and disqualified and uncooperative suppliers are subject to an escalation process. This process involves reporting serious supplier non-compliances to the top management in the region, and addressing non-compliances through mandatory corrective actions, as well as beyond compliance support activities such as capacity building.

### Conflict minerals

The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas is embedded into our policies and activities to avoid sourcing conflict minerals.

### Greenhouse gas emissions

We work to reduce greenhouse gas emissions throughout our value chain.

### Logistics

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

### Challenges

- Ensuring high sustainability performance throughout our value chain beyond direct suppliers remains a challenge
- Adopting a collaborative approach with industry peers to bring about greater positive change among our shared suppliers

## The progress on our promise

### How we measure progress

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

### Responsible Sourcing Program

During the year, the Responsible Sourcing team worked more closely with the Global Purchasing team to better influence suppliers to follow our sustainability agenda.

576 of our suppliers were considered to be critical and were the focus of our Responsible Sourcing Program in 2018. These include suppliers located in regions, or using production processes, that pose higher risks for environmental, labor and human rights violations or corrupt practices. During 2018, the program was fully deployed in Southeast Asia with extensive auditing and training activities primarily in Thailand.

In total, 399 (387) supplier audits were performed, including 328 (351) by internal auditors and 71 (36) by third party assurers. In 2018, 66% (50) of our critical suppliers were audited, which also included verifying that our expectations were communicated to Tier 2 suppliers.

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

A total of 20 (45) zero-tolerance findings were uncovered in 2018, which represents a significant improvement. The most common zero-tolerance findings were related to inconsistent working hour records and discrimination. These two types of findings represent 35% and 25% of the severe findings respectively. The discrimination cases involved four instances of pregnancy testing identified in China, and one case of unequal onboarding principles for males and females in Cambodia. In Mexico, four audits reported cases of harassment. In all

instances, management practices at the respective supplier were amended. All zero-tolerance cases are reported to senior Purchasing management, who also monitor remediation actions or ultimately take the decision to phase out the supplier. There were no cases involving under-age labor during 2018. The number of less severe findings related to the management of young workers decreased by almost 50% but still requires attention.

During the year, we also further detailed our approach to migrant labor. This will be launched among suppliers in Thailand in early 2019.

### Responsible sourcing audit findings



There are large regional differences in the status of audited suppliers. The prevalence of serious findings is high in some markets, due to societal issues, such as working hours in Asia, and significant discrepancies between local legislation and Electrolux requirements – including environmental management findings in Latin and North America. See the distribution of findings per region table below.

We also monitored energy and water data from suppliers – covering 77% of our Original Equipment Manufacturer spend in Asia.

During the year, we have updated our Supplier Workplace Standard e-learning, and will launch it in all regions in early 2019. In total, we have provided classroom training for 229 (152) supplier representatives from 126 (59) suppliers. Our purchasers are also trained on the Electrolux Workplace Policy and Supplier Workplace Standard, with 209 (154) trained in 2018.

A new approach to training is being tested in China, together with suppliers and with the help of an external e-learning company, and reached over 6,200 workers in 2018. See the case story [Involving suppliers in our sustainability agenda](#).

### Conflict minerals

Following a pilot assessment on conflict minerals in 2017, we investigated 400 suppliers during 2018 and the results have been made public. The report is inspired by recent US legislation and was conducted voluntarily by Electrolux to disclose where our key minerals are sourced from. We are also a member of the Responsible Mineral Initiative, which allows us to influence beyond our tier-one suppliers, and map supplier compliance in line with the related OECD due diligence guidance.

Our proactive work with conflict minerals demonstrates that we want to go beyond compliance – to minimize our supply chain risks and help us to further improve our supply chain. See the table ‘Responsible sourcing audit findings’ above.

### Greenhouse gas emissions

We reduce greenhouse gas emissions throughout our value chain by promoting our internal approach to monitoring and reducing energy consumption among key suppliers.

### Logistics

Approximately 310,000 metric tons of CO<sub>2</sub> are emitted through the distribution of our goods by sea, land and air in Europe, North America and Brazil.

However, our efforts have resulted in an improvement in our CO<sub>2</sub> efficiency in our sea transportation of almost 25% since 2013. In 2018, we have also improved our CO<sub>2</sub> efficiency for land transportation by more than 9% compared to 2015. Our goal is to improve CO<sub>2</sub> efficiency across all modes of transport by 15% by 2020 compared with 2015.

We continue to track and evaluate environmental performance through our logistics dashboard, which is also used as a tool to support our decision-making processes. The dashboard is used to identify where the CO<sub>2</sub> impacts arise and can compare the benefits of using rail and intermodal (when more than one mode of transport is used) transport.






We are rolling out a Group-wide system for tracking and evaluating the environmental performance of road freight carriers.


### Distribution of findings in each region (%)

The distribution of significant findings, expressed as a % according to our Supplier Workplace Standard chapter, varies between our different supply regions. Regional variations are due to differences in EHS legislation, legal enforcement as well as societal differences.

Chapter	Asia Pacific including SE Asia	Latin and North America	Europe, Middle East and Africa	TOTAL
1. General requirements	0.0%	0.0%	0.0%	0%
2. Laws and regulations	0.1%	6.0%	1.6%	2%
3. Suppliers and subcontractors	0.0%	0.0%	0.0%	0%
4. Corruption, bribery and business ethics	0.0%	0.0%	0.0%	0%
5. Child labor	2.6%	0.0%	0.0%	2%
6. Forced labor	1.2%	0.0%	0.0%	1%
7. Security arrangements	0.0%	0.0%	0.0%	0%
<b>8. Worker H&amp;S</b>	<b>54.1%</b>	<b>66.4%</b>	<b>79.7%</b>	<b>60%</b>
9. Non-discrimination	0.7%	0.0%	0.0%	0%
10. Harassment and abuse	0.0%	1.8%	0.0%	0%
11. Disciplinary actions and grievances	2.8%	0.0%	1.6%	2%
<b>12. Working hours</b>	<b>27.4%</b>	<b>11.1%</b>	<b>7.8%</b>	<b>22%</b>
<b>13. Compensation and employment conditions</b>	<b>3.5%</b>	<b>1.8%</b>	<b>3.9%</b>	<b>3%</b>
14. Freedom of Association and collective bargaining	0.0%	0.0%	0.0%	0%
<b>15. Environmental governance and procedures</b>	<b>7.5%</b>	<b>12.4%</b>	<b>3.9%</b>	<b>8%</b>
16. Monitoring and compliances	0.0%	0.5%	1.6%	0%
number of audits included in sample	231	94	74	399

## Next steps

Roadmap 2015 to 2020	Next steps in 2019	Status
Monitor and secure minimum performance at our direct suppliers of components, finished goods, licensed products and services. Engage selectively further up the supply chain and promote responsibility among all suppliers toward their own supply chain.	Increase coverage of our supply base by differentiating and developing new methods of engagement and monitoring.	
Screen prospective suppliers to ensure they can live up to the Group's expectations.	Implement standards for supplier minimum pace of improvement as well as the associated sanctions.	
Increase awareness and capabilities among our prospective and existing suppliers through training and dialogue.	Develop next generation e-learning with special focus on areas with a high number of findings.	
Drive the improvement of supplier ecological footprints.	Implement and deploy self-assessment and improvement tools for our main suppliers.	
Leverage our influence over logistics companies to improve the CO <sub>2</sub> efficiency of our transportation by 15% by 2020.	Continue the implementation of an environmental scorecard in the tendering process for dedicated transport services in 2019.	
	Set up supplier meetings to share/discuss best practice and action plans.	
	Proactively contribute to the BSR Clean Cargo initiative, which aims to improve the environmental performance of marine container transport.	

 On track

 Additional effort is required

 Off track

 Work has not yet begun



# Our climate targets



Focusing on our major impacts, we will prevent millions of metric tons of greenhouse gases from entering the atmosphere.

## The case for action

Tackling climate change by reducing greenhouse gas emissions is one of the greatest, most urgent challenges facing society. Our new science-based climate target is aligned with the 2015 Paris Climate Agreement on climate change, which aims to keep global temperature rise well below 2°C this century to avoid the most severe impacts from climate change.

## Target setting

We developed our own methodology with a 50% relative reduction climate target by 2020 based on our 2005 emissions. We did this as there was no standard approach for comprehensive climate targets when we developed it in 2014.

Building on this existing target, we developed a science-based target that was approved by the Science Based Target initiative<sup>1)</sup> in 2018 as being aligned with the 2°C Paris Climate Agreement. The target includes our operations (scope 1 & 2), high impact greenhouse gases (scope 1 & 3), and the use phase of our products (Scope 3). Our science-based emissions target will contribute to long-term and structured action on climate change that goes beyond our current 2020 objective.

<sup>1)</sup>The Science Based Target initiative is a global initiative headed by CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and the World Wildlife Foundation (WWF). The initiative enables companies to set climate targets consistent with the level of de-carbonization required to limit global warming to less than 2°C, compared with pre-industrial temperatures.

## What are scope 1, 2 and 3 emissions?

There are three categories of greenhouse gas emissions:

**Scope 1** – are emissions produced directly by an organization, for instance through the combustion of fuels, e.g. natural gas combustion for heating.

**Scope 2** – includes indirect emissions generated through the consumption of purchased energy, e.g. through electricity use.

**Scope 3** – other indirect emissions due to the activities of an organization, but that are produced and controlled by a different emitter, e.g. emissions resulting from the use of Electrolux products.

## Our targets

**Our 50% climate target** – halve the Group's climate impact, preventing the release of 25 million metric tons of carbon dioxide and its equivalents (CO<sub>2</sub>e) over 15 years – between 2005 and 2020. The target focus on product efficiency in the main product categories. Sales volumes and emission factors are normalized to 2005.

**Our science-based emissions target** – absolute scope 1 and 2 greenhouse gas emissions reduction of 80% between 2015 and 2025, and reduction of absolute scope 3 emissions from the use of sold products by 25% during the same timeframe.

## Emission reduction actions

We are reducing CO<sub>2</sub> emissions from our own manufacturing facilities, product transport, and the energy consumed during their use. But as product energy use is responsible for over 80% of our climate impact, product efficiency is where we can make our greatest contribution to tackling climate change.

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

# Progress on our Climate Targets

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

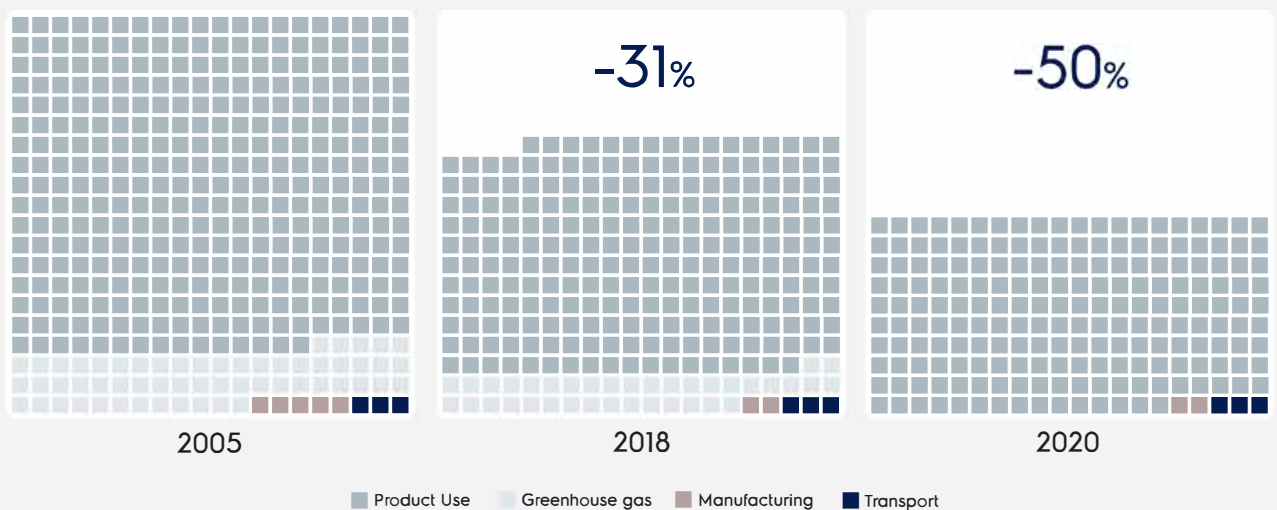
Roadmap to 2020	Read more about our progress in our relevant Promises	Status
Be a leader in product efficiency in our most important markets.	<a href="#">Constantly Improve Product Performance &amp; Efficiency</a>	<span style="color: #004a7c;">●</span>
Eliminate high-impact greenhouse gases from our products.	<a href="#">Eliminate Harmful Materials</a>	<span style="color: #c49a3d;">●</span>
Improve efficiency throughout our operations and supply chain.	<a href="#">Achieve More with Less</a> <a href="#">Improve Sustainability in the Supply Chain</a>	<span style="color: #004a7c;">●</span>
Increase the share of renewable energy for our operations to 50%.	<a href="#">Achieve More with Less</a>	<span style="color: #004a7c;">●</span>

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

## Progress on our 50% target

By the end of 2018, we had cut our CO<sub>2</sub> emissions by 31% compared to 2005 – toward our 50% target by 2020.

### Climate targets 2020 <sup>1)</sup>



<sup>1)</sup> Reduce CO<sub>2</sub> impact by 50% in 2020 focusing on product efficiency in the main product categories. Sales volumes and emission factors are normalized to 2005.

## Our science-based climate target

The target involves reducing our absolute scope 1 and 2 greenhouse gas emissions by 80% between 2015 and 2025. It also commits to reducing the absolute scope 3 emissions from the use of our sold products by 25% during the same time frame, covering three-quarters of all products sold by Electrolux. For progress on scope 1 & 2 see [Achieve more with less](#). Our scope 3 is being monitored and its progress will be reported in 2020.

# External influences

The world in which we operate is constantly changing due to the influence of global megatrends, which create challenges for our business – but also bring about enormous opportunities. Our sustainability framework – For the Better – helps us manage these trends, and ensure we contribute toward international sustainable development objectives such as the UN Sustainable Development Goals

## Megatrends

### Demographics

Global demographic trends – such as population growth, the growing middle class, an aging population and urbanization – are increasing the demand for home appliances, which puts more pressure on natural resources. In the next 15 years, another billion people are expected to buy their first refrigerator.

#### Implications for Electrolux

- Significant growth potential in emerging markets
- Continued need to improve the environmental performance of products
- Growing importance of the silver-haired consumer group and the increasing number of smaller households
- Potential for new business models, e.g. shared ownership

### Climate & resources

The need to reduce greenhouse gas emissions, and adapt to a changing climate and resource limitations, will drive appliance manufacturers toward 'circular business' models that promote resource efficiency, cleaner chemistry and waste reduction.

#### Implications for Electrolux

- Continued need to improve the environmental performance of products
- Pressure to reduce water consumption in areas with water scarcity
- Competition for some metals and minerals
- Growing importance of the circular economy
- Expectations to go beyond chemical legislation

## Technology

New technologies are scaled rapidly and globally, with purchasing decisions increasingly influenced by online information and social media. The Internet of Things (IoT) promises to connect billions of products in the near future.

### Implications for Electrolux

- Greater consumer empowerment and awareness requires transparency and sustainable business practices
- Digitalization will drive the next wave of operational efficiency, including closer integration with suppliers
- Connectivity offers opportunities for new business models that result in better resource efficiency
- IoT enables a lifelong relationship between producers and consumers, but requires high standards of data security and privacy

## An evolving agenda

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

### Sustainability topics

#### Climate change

The Paris Climate Agreement to limit global warming to well below 2°C.

**Electrolux response:** Our target is to halve the Group's climate impact between 2005 and 2020.

Read more in [Our Climate Targets](#).

#### Renewable energy

Leading sustainable businesses continue to demonstrate the importance of a renewable energy strategy.

**Electrolux response:** Our target is to increase renewables for our operations to 50% by 2020.

Read more in our Promise [Achieve more with less](#).

#### Food waste

The fact that 1.3 billion metric tons of food are wasted every year has increased in importance in recent years, driven by public and media interest.

**Electrolux response:** We develop technologies for keeping food fresher for longer.

We engage with communities to raise awareness of food waste. For example, through the Electrolux Food Foundation, and partnerships with Worldchefs and AIESEC – including several local projects and two global initiatives.

Read more in our Promises [Be a force for good](#) and [Achieve more with less](#).



## Circular economy

Rapidly emerging concept globally as businesses adopt circular principles, and the EU prepares circular economy-inspired legislation.

**Electrolux response:** We establish strategic supplier partnerships to access high-quality recycled plastics. We are increasingly in dialogue with EU legislators on product durability-related issues. We participate in OECD environmental meetings at ministerial level, to discuss climate change and circular economy.

Read more in our Promise [Make better use of resources](#).

## Human rights

New human rights frameworks and regulations are being launched, which makes this an area of continued interest to investors. Examples of new regulation and international standards include the Australian Modern Slavery Act, the French Duty of Vigilance and the OECD Due Diligence Guidance for Responsible Business Conduct.

**Electrolux response:** We are committed to human rights in our own operations and our supply chain.

Read more in our Promises [Always act ethically and respect human right](#) and [Improve sustainability in the supply chain](#).

## Responsible taxation

There is sustained interest from socially responsible investors requesting increased transparency on tax payment approaches, and emerging global legislation.

**Electrolux response:** We are transparent on taxation in our [Annual Report](#) and have a public tax policy.

## Digitalization & data integrity

The Internet of Things enables a lifelong relationship between producers and consumers, but requires high standards of data security and privacy.

Digitally managed processes (e.g. production, logistics, planning) requires high data integrity and strong data validation routines.

**Electrolux response:** The European General Data Protection Regulation (GDPR) that came into force in 2018 strengthens citizens' fundamental right to control their personal data. Electrolux has implemented processes to fully comply with GDPR to ensure people's rights to privacy and integrity.

## Microplastics

There is increasing public concern on microplastics in oceans.

**Electrolux response:** We conduct our own research and participate in joint research projects

## New Legislation

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

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

# Electrolux and the UN Sustainable Development Goals (SDGs)

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

At Electrolux, our Sustainability Framework – For the Better – contributes to several of the SDGs. This chapter describes our most relevant SDGs and how we contribute toward them through our Promises.

## Our most relevant SDGs

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



### SDG 12 – Responsible consumption and production

Promoting responsible consumption and production is the most significant SDG for Electrolux. We strive to **bring resource-efficient products, manufactured in a sustainable way, to as many people as possible around the world**. We have set ambitious targets to reduce the **footprint of our products and production**, including our suppliers. Additionally, a key focus of our **social investment program is sustainable food consumption**.

### SDG 13 – Climate action

Our action on climate change is reflected in our **climate target** to halve our CO<sub>2</sub> footprint, including product usage, production and transportation. We are committed to achieving science-based emission targets, and have set a new target to increase the proportion of renewable energy used in our operations to 50% by 2025.

### SDG 8 – Decent work and economic growth

Providing decent work and economic growth is related to our manufacturing operations. Our **Workplace Policy** sets out decent labor standards as a requirement for our operations and suppliers.

### SDG 2 – Zero hunger

Zero hunger is closely associated with our products that enable food storage and reduce food waste, which is particularly important in emerging markets. We also support community projects that for example provide meals to people in need, or train unemployed people to work in a professional kitchen, and thereby help them provide for themselves and their families. Read more in our Promise **Be a force for good**.



### Our other relevant SDGs

We additionally strive to contribute to other SDGs through our solutions, operations and societal engagement.

#### SDG 3 – Good health and wellbeing

We prioritize health and wellbeing in our operations by promoting health and safety among our employees and contractors. We also provide solutions for healthy and sustainable living for more people. Read more in our Promise [Ensure the best health and safety](#).

#### SDG 4 – Quality education

The Electrolux Food Foundation and our global partnership [Feed the Planet](#) offer vocational education for people in need, raise awareness on sustainable food habits and work with schools around the world.

#### SDG 5 – Gender equality

We have a particular focus on gender diversity and aim to continuously improve the number of female leaders at all levels. Our social investment projects also often empower women in society. Read more in our Promise [Be a force for good](#).

#### SDG 6 – Clean water and sanitation

We provide a range of water efficient domestic appliances that help to conserve local water resources. Our laundry products promote sanitation in homes, hotels and hospitals. Read more in our Promise [Constantly improve product performance and efficiency](#).

#### SDG 7 – Affordable and clean energy

We are working to increase our share of energy from renewable sources to 50%. Read more in our Promise [Achieve more with less](#).





# Our materiality process

We continuously monitor our material issues – our most significant economic, environmental and social impacts – to ensure we are addressing the most important topics to our business and stakeholders.

## Our materiality process

We maintain an up-to-date understanding of our material topics through engagement and dialog with key stakeholders, as well as by monitoring our business context and the relevant megatrends and drivers. Our material topics are continuously reviewed and validated by our internal experts and Group management.

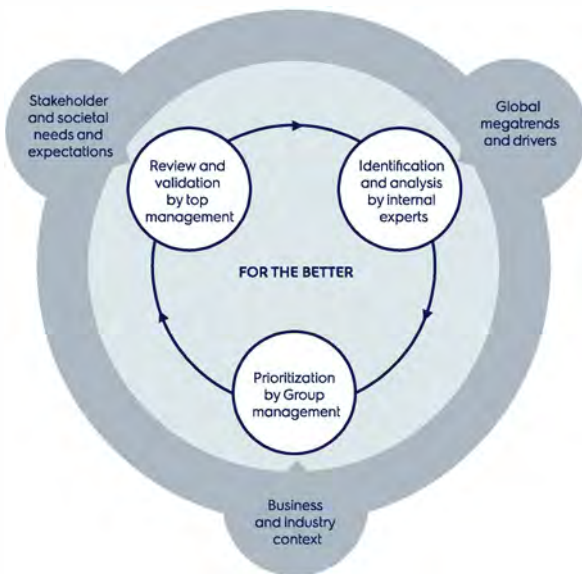
Our approach helps us to understand stakeholder perceptions of Electrolux, potential risks or opportunities for our business, and enables us to evaluate our ability to create and sustain value.

## Materiality – the basis for our sustainability framework

Our materiality topics formed the basis for the Group’s sustainability framework – For the Better – to ensure we address the topics of greatest importance to Electrolux and our stakeholders. For the Better includes nine Promises and a climate target, which reflect how we can maximize our contribution to society and are annually reviewed and refined.

The relevance of an issue covered by our Promises is determined by the following criteria:

- The degree of impact caused by our activities throughout the value chain
- How much the issue impacts our business strategy
- How the issue might affect stakeholder relationships with Electrolux





# Stakeholders inform our approach

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

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

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

## Stakeholder priorities and our response

### Consumers

**Consumer choices drive our business, and consumer behavior shapes our sustainability performance**

#### How Electrolux engages with consumers

- Bi-annual customer brand scorecard survey on sustainability in various markets.
- Electrolux Food Foundation projects around the world.
- Customer surveys in key markets to understand perceptions on sustainability in 2018.

#### Consumers impact our sustainability approach

We have developed a For the Better communications platform to engage consumers (and employees) in sustainability.

## Customers

Our sustainability work must align with customer values to optimize business benefit for Electrolux

### How Electrolux engages with customers

- Partnerships with specific customers. Sustainability engagement is becoming more long-term and strategic.

### Customers impact our sustainability approach

Collaborated in areas such as chemicals handling and recycled materials. We discuss criteria and evaluate our process for supply chain monitoring.

- Ongoing engagement with customers and key stakeholders to share learnings and discuss sustainability and our products.
- Feed the Planet partnership with Worldchefs.

**Impact:** Customer insights contribute to raising market awareness on the importance of an efficient Professional product offering.

## Investors

ESG investors drive our sustainability agenda forward

### How Electrolux engages with investors

- In response to significant growth in ESG (Environmental, Social and Governance) investment, Electrolux engages with investors and shareholders on sustainability topics.
- Eight of our ten largest shareholders are signatories to the UN Principles for Responsible Investment.

### Investors impact our sustainability approach

Investor feedback helped shape For the Better.  
We have enhanced our reporting and activities on CO<sub>2</sub> reduction in response to our disclosure to CDP.

# Employees

Our sustainability work helps to motivate, retain and attract our employees

## How Electrolux engages with employees

- Ongoing dialogue between management and employee representatives and unions. Topics include updates on restructuring plans, feedback on business development, audit outcomes, human rights assessments, the Ethics Helpline, and Health and Safety performance.  
Read more in our Promise [Always act ethically and respect human rights](#).

## Employees impact our sustainability approach

We integrate employee perceptions into strategic and operational activities on local, market and Group levels.

- The Employee Engagement Survey gathers employee perceptions and feedback on our sustainability agenda.  
Read more in our Promise [Always act ethically and respect human rights](#).

**Impact:** Via our global intranet, 20,000 employees per month access the global intranet featuring global articles, local news, presentations and films on sustainability related issues published systematically during the year.

- Key supporter of AIESEC, the world's largest student organization and an international platform for young people to explore and develop their leadership potential.

**Impact:** We continue to develop our strategic partnership with AIESEC through our [Feed the Planet](#) activities, with a particular focus on promoting sustainable food habits as part of local and global projects.  
We also have a focus on finding talented women within the areas of Science, Technology, Engineering and Mathematics (STEM) together with AIESEC, as part of our Global Engineer Program.

## Suppliers

Working with suppliers is crucial to implement our sustainability framework – For the Better

### How Electrolux engages with suppliers

- 2018 was the eighth year of dialogue and cooperation with key Original Equipment Manufacturers (OEMs) on energy management.  
Supplier capacity building on Code of Conduct continued through e-learning.

### Suppliers impact our sustainability approach

We calculate energy and water data for most of our supplier spend and work closely with suppliers on sustainability topics. Read more in our Promise [Improve sustainability in the supply chain](#).

- The 2018 Supplier Award Day celebrated the most innovative and efficient key suppliers and had sustainability as a main theme. Sustainability was also featured in two regional Supplier Day events.

**Impact:** The promotion of more sustainable operations throughout our supply chain.

- Continued dialogue with the logistics industry in 2018 to share best practice in transport management. Member of US Environmental Protection Agency-led SmartWay, with a commitment to reduce road transport-related emissions.

**Impact:** As part of the BSR Clean Cargo initiative, Electrolux logistics suppliers must be BSR members. We continued to evaluate the environmental performance of logistics suppliers.

## Industry peers

Benchmarking and sharing best practice ensure we continue to be an industry leader.

### How Electrolux engages with industry peers

- Shared best practice on setting stretch targets for renewable energy.
- Shared best practice on human rights, including at the Nordic Purchasing Strategy Forum and the Swedish Network on Business & Human Rights.

### Industry peers impact our sustainability approach

Many of our Promises illustrate that we are an industry leader in terms of sustainability.

## NGOs, academia and governmental initiatives

Cooperation with NGOs, academia and governmental initiatives ensures we remain up to date with key issues

### How Electrolux engages with NGOs, academia and governmental initiatives

- We engage with experts on human rights and labor rights – including advocacy groups, local representatives of international organizations, academia and embassies.

### NGOs, academia and governmental initiatives impact our sustainability approach

Relevant issues are part of our materiality analysis.

- Exchanged ideas with the European Environmental Bureau on energy efficiency and labeling.

**Impact:** Input to our public policy initiatives in Europe on labeling.

- Presented our strategy to increase the use of recycled plastic in our products in several different contexts, from multi-stakeholder conferences, to meetings at Chatham House and with the Environmental Ministers of the OECD countries.

**Impact:** Input on our material efficiency strategy, exchange of best practice with leaders in this field.



# Impacts throughout our value chain

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

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

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

## Product development

### High ability to influence

Close collaboration between Design, Marketing and R&D enables new products to offer best-in-class consumer experiences. Read more in our Promise [Constantly improve product performance and efficiency](#).

### Risks

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

### How we manage our impacts

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

### Generating value

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

## Suppliers

### Medium ability to influence

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

### Risks

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

### How we manage our impacts

- Apply a risk-based approach to our suppliers
- Climate impact assessments of key suppliers
- Conduct auditing to safeguard standards
- Provide training and drive improvement initiatives

### Generating value

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

## Electrolux operations

### High ability to influence

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

### Risks

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

### How we manage our impacts

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

### Generating value

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

## Transport

### Medium ability to influence

Electrolux emits more CO<sub>2</sub> transporting its goods than through its total energy use in Group operations.

Read more in our Promise [Improve sustainability in the supply chain](#).

### Risks

- Emissions from transportation
- Labor conditions in logistics companies

### How we manage our impacts

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

### Generating value

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

## Sales

### Low ability to influence

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

### Risks

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

### How we manage our impacts

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

### Generating value

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

## Consumer use

### Low ability to influence

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

### Risks

- Failure to meet consumer expectations on product performance
- Consumers not using products optimally
- Product safety
- Data privacy for users of connected products

### How we manage our impacts

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

### Generating value

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

## End-of-life

### Low ability to influence

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

### Risks

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

### How we manage our impacts

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

### Generating value

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

# Sustainability risks

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

We focus on the future to prepare for the changing business landscape and mitigate potential risks. The global trends described in the [External influences – 2019 and beyond](#) section will affect Electrolux in the coming years. Understanding and managing the non-financial risks and opportunities associated with these trends is an integral part of managing our business. Risks related to the each part of the value chain are described in [Impacts throughout our value chain](#).

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

## Group Internal Audit

The Group Internal Audit evaluates and improves governance, internal control and risk management processes.

## Group Risk Management

Group Risk Management benchmarks and monitors key risks in operations and key suppliers.

## Sustainability Risk Management Processes

The processes manage the following risk assessments:

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

## Other Group Staffs & Functions

Other functions conduct risk assessments for:

- Global Industrial Operations Product Lines
- Purchasing
- Legal
- Finance
- Communication
- HR Exec Team

## Group External Affairs Committee

The committee, which consists of representatives from all regions, monitors regulatory development in our markets and develops common Group positions.



# Understanding and managing our human rights risks

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

Read about our progress in our Promise [Always act ethically and respect human rights](#).

## Our commitment

Human rights are at the core of our Code of Conduct and our Promise [Always act ethically and respect human rights](#), which is part of our For the Better sustainability framework. As our most important risk areas relate to our employees, and particularly those in our manufacturing operations, our human rights commitment focuses on labor standards and the rights of our employees.

Our new Code of Conduct includes a human rights policy statement, developed based on the [UN Guiding Principles on Business and Human Rights](#). It also considers outcomes of our human rights impact assessments as well as best practice in the field.

## Human rights governance and responsibilities

Line managers, from Group management and down, are responsible for ensuring adherence with Group policies on human rights as part of our human rights governance structure. Our Ethics & Human Rights Steering Group oversees both ethics and human rights and is responsible for evaluating our human rights approach, including approving priorities and action plans. It consists of senior managers and Group management members, including the General Counsel SVP, SVP Human Resources & Organizational Development, SVP Management Assurance & Special Assignments, SVP Corporate Communications, and VP Sustainability Affairs. A Human Rights Coordination Group is responsible for identifying and assessing risks, and developing human rights action plans.

## Identifying human rights risks

During 2016, we developed a methodology to identify and assess human rights impacts, which was launched at Group level. The methodology is in line with the UN Guiding Principles on Business and Human Rights, and common practices for human rights impact assessments. The methodology considers the likelihood and potential severity of harm to people. The

Group level assessment involved around 40 representatives from all sectors, regions and key functions within the Group, and was conducted using online surveys and workshops. The assessment incorporated input from employee representatives, customers, investors and NGOs.

This methodology was further developed in 2017 to conduct local human rights assessments, and was piloted at Electrolux operations in Egypt and Thailand the same year. In 2018, a local assessment was conducted at Electrolux sites in Ukraine. Our focus is on operations in high-risk countries from a human rights, labor rights and corruption perspective. Please see our Promise [Always act ethically and respect human rights](#) for more information.

## Statement on our salient human rights issues

The Group assessment resulted in a list of our salient human rights issues, which are listed below with their likelihood and potential severity to harm people and context.

Electrolux has defined improvement areas for each salient human rights issue, with responsibilities allocated to relevant senior managers, and our progress is monitored by the Ethics & Human Rights Steering Group. The relevant local managers have the responsibility for implementing and completing actions to remediate the prioritized issues resulting from local assessments. The status and next steps for each human rights issue are also described in the table.

## Human rights issues and context

## Industrial relations

### Issue: Right to freedom of association

#### Potential impact on people – from a general perspective

- Employees not being able to impact working conditions or negotiate compensation.
- Employees discouraged from participating in union activities.
- Conflict/strike might lead to loss of income and may affect living standards.

#### Electrolux context & high-risk countries

- Electrolux has employees in countries with immature labor practices.
- High-risk areas include the US, Latin America, China, Southeast Asia and the Middle East.

#### Status and next steps

Freedom of association and employee-management dialog are in scope for the local assessment and action planning.

Promote proactive leadership with local management.

## Working hours and wages

### Issues: Right to decent work conditions & adequate standards of living

#### Potential impact on people – from a general perspective

- People unable to provide for themselves and their families due to low wages (e.g. lack of food, education, medical services, etc.)
- People suffering from a lack of free time and family life due to excessive overtime, which also increases the risk of accidents.

#### Electrolux context & high-risk countries

- Overtime is an issue in some areas.
- Fair living wages is increasingly in focus for customers and other stakeholders.
- Both issues are a potential reputational risk.
- Wages and overtime are high-risk in all regions except Western Europe, Canada, Australia and New Zealand.

#### Status and next steps

Programs to address overtime issues have been launched in China and Thailand leading to improvements.

A monitoring system for working hours was launched in 2018. Wage levels are part of our local assessments.

## Diversity and non-discrimination

### Issues: Equal rights and non-discrimination

#### Potential impact on people – from a general perspective

- Discrimination in recruitment, promotion and other ways, violates the basic human right of equal treatment/opportunities.
- Discrimination can have significant social and economic consequences. Individual quality of life and self-esteem suffer through unequal opportunities.

#### Electrolux context & high-risk countries

- Electrolux works actively with equal rights throughout the company, however countering biases will always remain a challenge, due to societal structures.
- Greater diversity will help draw on the full power of gender diversity.

#### Status and next steps

At Group level, we have defined 2020 targets for the proportion of women in leading positions – 35% at tier 2 and tier 3. We will work to identify improvement areas, set action and measure progress. Read more in our Promise [Always act ethically and respect human rights.](#)

## Privacy and integrity

### Issue: Right to privacy

#### Potential impact on people – from a general perspective

- Mismanaged personal information (e.g. employee data, consumer data, market research data).
- Privacy underpins human dignity, and people deserve freedom from interference or intrusion.

#### Electrolux context & high-risk countries

Privacy is important due to digitalization, the Internet of Things, and access to employee and consumer data. Processes to safeguard privacy must counter the increasing risks.

#### Status and next steps

During 2018, we have implemented awareness programs, risk review and regulatory alignment.

## Purchase of sexual services during business travel/representation

**Issue: Right to life & Right to liberty**

### Potential impact on people – from a general perspective

- Exploitation as a result of employee actions during business travel causes severe harm to the victim and contributes to a system that perpetuates such behavior.
- According to research, around a third of all purchases of sexual services occur during business travel.

### Electrolux context & high-risk countries

As part of the human rights assessment, it was identified that Electrolux needed a clear zero-tolerance policy.

### Status and next steps

A Group policy project in 2018 led to the clarification of our zero-tolerance policy for the purchase of sexual services, including visits to strip clubs.

## Corruption or bribery

**Issue: Right to adequate standards of living**

### Potential impact on people – from a general perspective

- Corruption fuels inequality, diverts expenditure away from public services and holds back economic development.
- Bribery undermines the rule of law and the principle of fair competition.  
Corruption distorts the division of economic resources and hinders social and economic development.

### Electrolux context & high-risk countries

We operate in high-risk markets such as Southeast Asia, Latin America, Middle East, Egypt and Russia, and need to constantly educate our employees and monitor risks. Risk areas include obtaining licenses/permits, sales, purchasing, gifts and events.

### Status and next steps

Promotion of the corruption and bribery policy is ongoing through e-learning and face-to-face training.

Corruption risks are considered in our local human rights assessments.

Additionally, we have identified three business processes that are crucial to ensure the protection of human rights: supply chain management, acquisitions, market entry and partners. The table below summarizes their human rights risk and the status of our work with each process.

## Supply chain management

### Human rights risk

- Risk related to our supply chain – first tier suppliers and beyond.
- Non-compliance with labor standards such as: health and safety, working hours, wages, forced labor and child labor, and freedom of association.
- Poor conditions for migrant workers and their families, including impact on the right to family life due to living far from children, and additional work permit fees.
- Exploitation further upstream, particularly in the extractives industry.

### Status

Our Responsible Sourcing team is part of all regional sourcing board decisions, approving all new suppliers and new projects over 50,000 USD. We also have a comprehensive approach to migrant labor.

Implementation of OECD guidelines to reduce risks related to conflict minerals.

Supply chain risks form part of our local human rights assessments.

Read more in our Promise [Improve sustainability in the supply chain](#).

## Acquisitions

### Human rights risk

- Inheriting human rights issues and sub-standard operations as part of acquisitions.
- Harm to people in acquired businesses (e.g. labor conditions, health and safety, environmental impact, land rights and expropriation).

### Status

A guideline has been established for the integration of human rights and corruption considerations in acquisitions. In 2019, the focus will be on ensuring a structured approach to sustainability aspects when integrating newly acquired businesses.

## Market entry and partners

### Human rights risk

- Distributors, agents and other business partners harming people (e.g. labor conditions, health and safety, environmental impact negatively affecting people, land rights and expropriation, corruption, etc.).

### Status

Improved screening procedures for new partners is underway.



Additional important potential impacts on human rights are related to health and safety in our operations and product safety. However, these are deemed to be well-managed by existing programs and are therefore not included in our salient human rights. See our Promise [Ensure the best health and safety](#) to read more about how we work with health and safety.

## High-risk locations

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

Read more in our Promise [Always act ethically and respect human rights](#).

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

## Stakeholder engagement

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

[Read more about our stakeholders.](#)

## Human rights in acquisitions

'Acquisitions' is one of the salient human rights issues identified at Group level, where human rights could be better embedded. During 2018, a guideline for human rights and corruption screening was established as part of the updated Group Policies framework. The screening was an integral part of the acquisition process of three companies that were acquired during the reporting period, as well as in a number of potential acquisitions that did not result in a deal. During 2019, the focus will be on ensuring a structured approach to sustainability, including ethics and human rights, and how they are part of the integration processes of new organizations into the group.

## Implementation, monitoring and follow up

Education of employees in our human rights principles takes place through training and communication activities. Following the restructuring of our Group policies and the launch of our new Code of Conduct, new and updated e-learning modules and communication campaigns have been developed, with launch planned for 2019. We currently monitor our human rights performance through internal and external audits, our Ethics Helpline, employee-management dialogue, health and safety committees, and the Code of Conduct mailbox for suppliers.

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

# Auditing and monitoring

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

## ALFA (Awareness Learning Feedback Assessments)

### Purpose

A self-assessment questionnaire filled out by line managers, to:

- Check the extent units comply with the Workplace Policy.
- Regularly remind line managers what is expected of them.

### Criteria

Annually for manufacturing units, based on key elements of the Workplace Directive.

[See the results of ALFA.](#)

## Workplace Policy audits

### Purpose

Identifies improvement areas and ensures Workplace Policy compliance.

### Criteria

Internal audits of selected manufacturing units, following risk assessments based on the Workplace Standard.

Read more in our Promise [Always act ethically and respect human rights](#) for more on how we work with the Code of Conduct.

## The Ethics helpline

### Purpose

A whistle-blowing service that enables employee bottom-up monitoring. Allows employees to remain anonymous (to the extent permitted under local law), without fear of exposure or retaliation.

### Criteria

Third-party operated. Covers breaches of ethics-related policies such as the Code of Conduct and Bribery policy.

Read more on how we work with the Ethics Helpline in our Promise [Always act ethically and respect human rights](#).

## Internal audits

### Purpose

Provide independent assurance. Evaluate the effectiveness of risk management, control, and governance processes by conducting operational, financial, and compliance process audits and investigations of alleged employee fraud.

### Criteria

Risk-based annual plan approved by the Audit Committee, and ad hoc investigations of reported fraud allegations.

## Employee Engagement Survey (EES)

### Purpose

Assesses engagement, leadership, organizational capabilities and commitment to our strategy and purpose. Enables comparison with other high-performing organizations.

### Criteria

Annual and Group-wide, among employees in offices and manufacturing.

Read more in our Promise [Always act ethically and respect human rights](#) for more on our EES.

## Global audits of ISO standards for environment and safety

### Purpose

External audits. Every business area must have an environmental management system at all their manufacturing sites.

### Criteria

Annual audits of all manufacturing facilities, with recertification audits every third year. OHSAS health and safety is also included for select sites. All manufacturing units with over 50 employees must be certified to ISO 14001. ISO 50001 Energy Management is being implemented at all production facilities.

## The sustainability KPI survey

### Purpose

An annual assessment to track operational environmental management and compliance in the areas of materials, waste and chemicals, and employee turnover.

### Criteria

Forms the basis of our reporting for GRI indicators.

## Green Spirit certification and reporting system

### Purpose

Assesses environmental performance improvement and employee engagement. The system monitors energy and water consumption among our facilities. Best practice is shared and performance is monitored against defined energy and water targets.

### Criteria

All manufacturing sites are evaluated annually as part of the certification, and are awarded stars according to their energy management performance.

## Safety Management System (SMS)

### Purpose

Factory self-assessment protocol to assess how manufacturing units meet internal safety standards.

### Criteria

Conducted annually among all Global Industrial Operations.

## Responsible sourcing audits

### Purpose

Assessment of how suppliers meet our Code of Conduct and Workplace Standards.

### Criteria

Auditing of medium to high-risk direct material suppliers (raw materials, parts and sub-assemblies). Audited suppliers are categorized and ranked on their performance. Categorization criteria include: disqualified (zero tolerance findings), conditional (more than two critical findings), active (only non-critical findings) and preferred suppliers (only minor findings).

Read more on how we work with responsible auditing in our Promise [Improve sustainability in the supply chain](#).

## External verification of sustainability reporting

### Purpose

To enhance reporting credibility and reporting practices.

### Criteria

The Sustainability Report is developed based on GRI Standards - In accordance Core. It is reviewed in accordance with ISAE3000. A separate report is developed to fulfill the requirements in the Swedish Annual Accounts Act.

## GEARS

### Purpose

To collect and compile health and safety data.

### Criteria

Monthly reporting for all factories and warehouses.

# Management approach

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

## Our business model

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

## Sustainability integrated into our business

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

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

The most relevant topics are integrated into our nine For the Better Promises and our approach and progress are outlined under each related Promise in the [Key Priorities and Progress 2018](#) section. The aspects have been combined if they have a common management approach or policy.

## For the Better

Based on our materiality analysis we have developed our sustainability framework – For the Better. Read more about our material sustainability topics, promises and progresses in [Key priorities and progress 2018](#). Here we describe our material sustainability topics, where they occur as well as any [relevant boundaries](#). We also comment on the performance in relation to each of our promises.

## Sustainability governance

Our sustainability framework – For the Better – is directly overseen by our Group management and Business Area management teams through various reference groups and steering groups. The legal sustainability reporting as part of the Annual Report is approved by the Board. Group management has also adopted policies concerning Environment, Workplace, and Anti-corruption, while the Board has endorsed the Electrolux Code of Conduct.

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

Group Sustainability Affairs is our expert function that drives the development of our sustainability agenda by supporting sustainability integration throughout operations and monitoring performance. Group Legal Affairs is responsible for implementing our Anti-Corruption Program. The Electrolux global Ethics Helpline (whistleblower function) and Ethics Program are overseen by the Ethics & Human Rights Steering Group.

## Policy framework



	Environment	Social, labor and human rights	Anti-corruption
Policies	Electrolux Code of Conduct		
	Environmental Policy	Workplace Policy	Anti-Corruption Policy
	Workplace Policy	Supplier Workplace Standard	Conflict of Interest Policy
		Workplace Directive	
Central areas:	Product design	Child and forced labor	Conflict of interest
	Efficiency in operations	Health and safety, working hours, compensation	Bribes or other improper benefits
	Influencing legislation	Discrimination and harassment	Business partners and customers
	Environmental management systems	Freedom of association, collective bargaining	Political contributions

## Evaluation of our management approach

Progress on topics is tracked towards our defined targets. As described in [Our materiality process](#) an annual materiality review is undertaken. Both the scope and focus of the For the Better framework i tested. An annual evaluation of external influences is performed in relation to each promise. Management and effectiveness of promises are defined by how we measure progress. The next steps for each promise define the necessary actions to reach our targets.

For more information on the effectiveness of the specific actions please see [Key Priorities and Progress 2018](#)

For more information on external influences see [External influences](#)

For more information on emerging areas of importance see [An evolving agenda](#)

## Economic

For 2018 information regarding our economic management and reporting practices, see [Annual Report: Note 1 Accounting principles](#). For our work on anti-corruption see [Always act ethically and respect human rights](#)

## Anti-corruption, anti-competitive behavior

### Electrolux commitments

Specified in the Code of Conduct, Anti-corruption Policy and Antitrust Policy.

### Electrolux responsibility and resources

The Corporate Legal department is responsible for the Anti-corruption and Anti-trust policies, and for communication and follow up. We internally investigate reports on corruption cases. The Ethics program, including the Ethics Helpline, is a cross-functional initiative, led by Sustainability Affairs together with Human Resources, Group Legal and Internal Audit through the Ethics & Human Rights Steering Group.

### Our approach and progress in 2018

Read more in our Promise [Always act ethically and respect human rights](#).

## Environment

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

### Environmental management

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

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

## Level of ISO14001 certification

## Key processes



The share of factories with more than 50 employees that have certified ISO14001 environmental management systems.

## Environment

### Transport

#### Electrolux commitments

All Electrolux sea transport providers must be a member of the Business for Social Responsibility Clean Cargo Working Group to standardize emissions calculations.

#### Electrolux responsibility and resources

Responsibility lies with each business area. The goal is monitored and coordinated through our Sustainability Affairs function.

#### Our approach and progress in 2018

Read more in our Promise [Improve sustainability in the supply chain](#).

### Materials

#### Electrolux commitments

We are increasing our use of recycled materials, which helps us make better use of resources, reduce our environmental impact, and promote the circular economy.

#### Electrolux responsibility and resources

Our internal Recycling Taskforce includes representatives from each Electrolux sector, purchasing, R&D, production and product lines to define this promise's scope, targets and action points.

#### Our approach and progress in 2018

Read more in our Promise [Make better use of resources](#).

## Energy

### Electrolux commitments

Electrolux is committed to use energy in the most efficient way.

### Electrolux responsibility and resources

Operational resource management – including energy, water and waste – is coordinated globally with a common process and strategy wherever in the world we operate. Our Green Spirit program includes criteria related to performance, management, engagement and implemented actions that are reviewed annually.

### Our approach and progress in 2018

Read more in our Promise: ["Achieve more with less"](#)

## Water

### Electrolux commitments

Electrolux is committed to use water in the most efficient way.

### Electrolux responsibility and resources

Please, see Energy

### Our approach and progress in 2018

Read more in our Promise: ["Achieve more with less"](#)

## Emissions

### Electrolux commitments

Electrolux has an approved science based CO<sub>2</sub> emission target in place. This includes phase-out of high impact green house gases. The phase-out of ozone depleting substances are also monitored.

### Electrolux responsibility and resources

The Operational resource management team coordinates the move to renewable energy and reduction in relative energy use. R&D implements long-term product plans.

### Our approach and progress in 2018

Read more in our Promise: ["Achieve more with less"](#) and ["Our Climate targets"](#)

## Waste

### Electrolux commitments

Our Zero Landfill program has the objective to reduce the amount of waste sent to landfill or incinerated without energy recovery.

### Electrolux responsibility and resources

Please, see Energy

### Our approach and progress in 2018

Read more in our Promise: ["Achieve more with less"](#)

## Supplier environmental assessments

### Electrolux commitments

Outlined in the Code of Conduct and Workplace Standard. Code of Conduct compliance is mandatory and non-negotiable for our suppliers, and stated in the supplier contract. The main OEM and ODM suppliers must measure and report their energy use through the energy reporting standard. They must also have assessed their water impacts according to the WWF Water Risk Filter.

### Electrolux responsibility and resources

Each business area's Sourcing Board is responsible for assessing prospective suppliers, and the business area is also responsible for ongoing compliance, with support from the Responsible Sourcing Team and Sustainability Affairs.

### Our approach and progress in 2018

Read more in our Promise ["Improve sustainability in the supply chain"](#).

## Social

We support labor rights according to the ILO Core Conventions and the Declaration on Fundamental Principles and Rights at Work, and have an International Framework Agreement with unions that affirms our labor commitments. Our Code of Conduct includes our Human Rights Policy Statement, and how we fulfill these commitments is further detailed in a Human Rights Directive. The Workplace Policy, the Supplier Workplace

Standard and the Workplace Directive apply to our operations and our supply chain and include key requirements concerning labor standards.

The report section on [Auditing and Monitoring](#) outlines how operations and suppliers meet Group expectations and commitments.

## Investment

### Electrolux commitments

Human rights screening is included in our acquisition processes, as specified in the Guideline 'Human risks in acquisitions'.

### Electrolux responsibility and resources

Responsibility lies with each project team, supported by Group Legal and Sustainability functions.

### Our approach and progress in 2018

Read more in our Promise [Understanding and managing our human rights risks](#).

## Non-discrimination, child labor, forced or compulsory labor

### Electrolux commitments

Policy commitments are part of the Code of Conduct and Workplace Policy and People Policy.

### Electrolux responsibility and resources

Each business unit's line management has the responsibility to ensure that our Code of Conduct and Group policies are abided by. This includes communication requirements within their unit through training, and annually assessing the unit's performance.

### Our approach and progress in 2018

Read more in our Promise [Always act ethically and respect human rights](#)'.



## Occupational health and safety

### Electrolux commitments

Specified in the Code of Conduct and Workplace Standard.

Our Safety Management System covers all manufacturing facilities. Each facility has a plan to contribute to the Group-wide goal. The overriding aim is to prevent injuries from occurring in the first place.

### Electrolux responsibility and resources

The Global Industrial Operations safety team defines goals, monitors progress, shares best practice and implements the monthly recording system and daily incident reports, to align according to production groups, regions and product lines. Furthermore, there are Occupational Health and Safety committees in all our manufacturing facilities.

### Our approach and progress in 2018

Read more in our Promise [Ensure the best health and safety.](#)

## Training and education

### Electrolux commitments

A focus area of the People Plan is to become a Learning Organization. Our training and education program is built on the 70-20-10 learning model: 70% through challenging assignments and on-the-job experience, 20% through relationships, networks and feedback, and 10% through formal training.

### Electrolux responsibility and resources

Responsibility lies with each unit's line management, supported by business area and Group HR functions.

### Our approach and progress in 2018

We continue to provide a global portfolio of leadership development programs aligned to our business strategy. Additional development is provided through training programs, cross business area and international assignments.

## Employment, Diversity and equal opportunity

### Electrolux commitments

As specified in the Code of Conduct, People Policy and Workplace Policy. A component of the Business Strategy, the People Plan, describes our aim to become a high-performing learning organization with the right people in the right jobs. Mandatory directives are in place to ensure fair hiring and compensation practices, for example the Recruitment Directive, the Compensation Directive and the Grandparent Principle Directive.

### Electrolux responsibility and resources

Senior Vice President of Human Resources is responsible for HR-related policies. Implementation of policies and remuneration are managed by business areas.

Through performance appraisals and talent reviews, we evaluate employee performance and development, while promoting diversity and equal opportunities. Through the Talent Planning process for the Top 200 positions, opportunities for promoting women are constantly reviewed.

The annual Employee Engagement Survey and HR data measures our progress. We focus on attracting, developing and retaining additional women for leadership roles.

### Our approach and progress in 2018

Read more in our Promise [Always act ethically and respect human rights.](#)

## Labor & management relations

### Electrolux commitments

Specified in the Code of Conduct and Workplace Standard. Our strategy is informed by the [International Framework Agreement with the Swedish trade unions IF Metall, Unionen and IndustriAll](#), which underlines our commitment to ILO conventions and maintaining common standards globally.

### Electrolux responsibility and resources

Country and local line organizations are responsible for realizing the strategy, supported by HR Country Managers and Group Industrial Relations.

### Our approach and progress in 2018

Read more in our Promise [Always act ethically and respect human right](#).

## Supplier assessment for labor practices and human rights

### Electrolux commitments

Specified in the Supplier Workplace Standard and Workplace Directive.

Compliance is mandatory and non-negotiable for suppliers, and stated in the supplier contract.

### Electrolux responsibility and resources

Each business area's Sourcing Board is responsible for assessing prospective suppliers, and for ongoing compliance with support from the Responsible Sourcing Team and Sustainability Affairs.

### Our approach and progress in 2018

Read more in our Promise [Improve sustainability in the supply chain](#).

## Security practices

### Electrolux commitments

Specified in the Workplace Policy, Supplier Workplace Standard and Workplace Directive. We also have a Security Program that covers selection criteria for security providers, and incident reporting.

### Electrolux responsibility and resources

Unit line management is responsible for fulfilling the Code and Security Program locally, supported by the Chief Security Officer.

### Our approach and progress in 2018

Security inspections are performed at all premises in accordance with the Security Program.

Security requirements are included in Workplace Policy training for all employees, as well as in the ALFA self-assessment for plant managers.

## Grievance mechanisms for labor practices, human rights

### Electrolux commitments

Employees can report misconduct confidentially and anonymously (where legally permitted) through our confidential reporting mechanism – the Ethics Helpline. Suppliers can report possible non-compliances through the Supplier Workplace Standard mailbox.

### Electrolux responsibility and resources

The Ethics and Human Rights Steering Group is responsible for the grievance mechanism. Trained investigators conduct the investigations, in line with our confidentiality and integrity principles.

### Our approach and progress in 2018

Read more in our Promise [Always act ethically and respect human rights](#).

## Public policy

### Electrolux commitments

Group External Affairs Committee, including representatives from the business areas, coordinate positions and other public affairs matters.

### Electrolux responsibility and resources

Group Management and functional heads are responsible.

Each business area is responsible for engaging with their respective policy-makers. Public policy initiatives are primarily conducted through industry organizations, such as the European Appliance Industry Association (CECED) and the American Home Appliance Manufacturers Association (AHAM).

### Our approach and progress in 2018

Key actions influencing policy in 2018:

#### EU

Revision of the EU energy label and energy efficiency legislation (eco design legislation)  
 EU legislation on circular economy and resource efficiency  
 EU public discussion on plastics  
 EU waste and chemical legislation  
 Smart appliances, data security and privacy  
 Brexit

#### North America

Trade tariffs on steel and China import  
 NAFTA trade negotiations  
 Environmental Protection Agency (EPA) rulemaking

#### Asia Pacific

Consumer law on product safety (AU)  
 Data breaches act (AU)  
 Waste regulation (CN)  
 Chemical regulations (SEA)

#### Latin America

Recycling regulations in several countries  
 RoHS (BR)  
 Energy efficiency regulations

# Our journey toward more sustainable operations

We work actively with sustainable energy strategies, ethics, human rights, and zero landfill waste to improve our operations.

## Turning to renewable energy sources

By 2020, almost 100% of the electricity used in our factories will come from renewable sources. So far we are on track, having already achieved more than 50% of our target. As part of the renewable target, we are also working toward increasing the share of electricity from on-site renewable generation to 14 million kWh.

We are sourcing renewable energy in two ways: producing it ourselves and purchasing it from third parties. The majority of our factories in Europe and the United States are procuring electricity from renewable energy sources. In addition, in Mexico, Italy, Thailand and Australia, we have installed solar panels on the rooftops of our plants.

For instance, at our Vallenoncello factory in Italy, an area of rooftop solar panels as large as a soccer field is generating 1 million kWh, supplying 15% of the energy consumed in the factory.

## Highlighting our new Code of Conduct

We work actively to nurture a culture of ethics and respect for human rights within the organization. In 2018, a new Code of Conduct, including a human rights policy statement was launched - to provide an easily accessible guide for our employees. 90% of our employees stated they understand how they are expected to act in accordance with our Code of Conduct (Electrolux 2018 Employee Engagement Survey).

In 2019, the focus will be on reinforcing messages through training and communications.



## Energy efficiency in operations

Together with a shift to renewable electricity, efficiency improvements in recent years have reduced energy consumed at our manufacturing sites per product by around 44% and absolute CO2 emissions by 66% compared with 2005. This equates to annual financial savings of over SEK 500 million.

Over this period, the Group's revenue has increased, which illustrates that Electrolux has decoupled revenue growth from CO2 emissions.

## Sending no waste to landfills

Sending waste to landfills is not resource efficient. Landfills pollute the air we breathe. They contaminate the water we drink. And worst of all, they generate the super-greenhouse gas methane.

The World Health Organization says that landfilling is the worst waste management option, not only in terms of environmental impact but also when it comes to resource efficiency. By 2020,

the aim is to introduce a Zero Waste to Landfill program at all Electrolux factories.

Our São Carlos factory in Brazil is the first to be Zero Waste to Landfill certified by a third-party auditor. This means it has achieved the goal of sending less than 1% of its waste to landfills and for its low waste-to-energy rate. Several initiatives contributed directly in achieving this certification, such as a composting machine and the help of environmental experts who identified recycling approaches for the majority of waste within the factory.

The entire site was audited by a third-party auditor that verified the waste management process, from data regarding waste generation, internal controls, and the approval process for waste management contractors.

This case study is related to our promises [Achieve more with less](#) and [Our climate targets](#).



# Going full circle



Electrolux is embracing the circular economy – where resources are used as long as they possibly can and then recovered to ensure they get a new life.

One way we are working toward a circular economy is by increasing our use of recycled materials. After the product use phase, appliance raw materials have the largest lifecycle environmental impact. By replacing virgin materials with recycled ones, we significantly reduce environmental impact and promote a more closed resource loop.

Producing the plastic we use in our products generates CO<sub>2</sub> emissions equivalent to the emissions from our operations and transport activities combined. In other words, we can make a significant contribution to reducing resource use and tackling climate change by increasing the amount of high-quality recycled plastic in our products.

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

In 2018, we used 20 times more recycled plastic than in 2011, which is when our reporting in this area started. Electrolux has increased the amount of recycled steel from 7% in 2013 to 24% in 2018, which has reduced the average annual carbon emissions per metric ton of steel from 2.1 to 1.7 metric tons of CO<sub>2</sub>, and the annual CO<sub>2</sub> emissions by 251,000 metric tons. Although it's an improvement compared to 2013, we have seen a drop in 2018 compared to 2017 with regards to the use of recycled steel. This is mainly due to an ongoing international trade conflict, which is expected to further impact the use of recycled steel in 2019.

## Extending the life of products

We also want to limit the number of products that are unnecessarily sent to landfills. In 2017, we began a cooperation in Norway with remanufacturing company, Norsk Ombruk.

Major appliances go through a series of rigorous tests and quality checks before being sold to new owners. Norsk Ombruk offers a two-year guarantee on all these products.

## Similar partnerships are in place in other parts of Europe.

During 2018, we also began a project with El-Kretsen, a Swedish e-waste collection system, to look into how we can harvest functioning products out of the flow of products that consumers have discarded. The first step of this project ends May 2019. Depending on the outcome, a refurbishment activity on a larger scale could be started during the year.

## Pay-per-use models: One of the keys to a circular economy

Yet another way we are adopting a more circular business model is by offering more pay-per-use models, where we retain ownership of the appliances (and thereby the materials) and can ensure they are utilized to their utmost. For example, in Sweden we offer a pay-per-use model for our Electrolux Pure i9 robotic vac.

In addition, at the start of 2018, we acquired Schneidereit GmbH, a supplier of laundry rental solutions for professional customers in Germany and Austria. Schneidereit GmbH solutions allow customers a carefree experience by supporting the product throughout its lifetime. This enables customers to run their businesses without worrying about asset ownership or maintenance.

From a circular economy perspective, this means that we make certain to maximize the value of the resources that went into manufacturing those professional laundry appliances.

## Meet our Pure D9 Green

Recycled plastic is currently being used in vacuum cleaners and white goods.

An example is the Pure D9 Green vacuum cleaner. It's made from 70% recycled plastic and is one of our most energy-efficient vacs. Plus, the packaging it comes in is made of 82% recycled material.



This case study is related to our promise **Better use of resources**

# More than a piece of fabric

Your garments deserve the very best. Our appliances take gentle care of them, so clothes look new for longer and the environmental footprint is reduced.

Around 90% of our clothing is thrown away too soon, and on average, an astounding 2,700 liters of water go into making one single T-shirt<sup>1)</sup>. To reduce the impact on the environment, we need to get the most use out of our clothes and show respect for all the resources that went into making them.

"For many people their clothes are much more than just pieces of fabric stitched together. They represent someone's personality and can hold special memories. So, they deserve the best care possible," says Karina Moreira, Product Marketing Manager - Laundry.

## Getting the balance of detergent just right

Use too little detergent to wash clothes and they won't be clean, while whites will gradually turn gray. Use too much and the fibers in clothes might be damaged causing early aging, loss of color vitality and shape over time.

The Autodose feature, available on selected AEG 6000, 7000 and 8000 washing machines, applies the precise amount of detergent and softener to the washing cycle. Smart sensors inside the washing machine measure the load size and calculate the exact amount of detergent and softener needed, so clothes look like new for longer. With Autodose, cotton garments resist tearing for up to three times longer.<sup>2)</sup>

## Purified and softened water = vibrant clothes

Our SoftWater technology, available on AEG 9000 washing machines, purifies and softens water before it enters the drum so that detergents can work at their best even at the lowest temperatures. Conventional washing machines use heat to activate detergents, so they need high temperatures to achieve a really deep clean. Now consumers can get the thorough clean of a 60°C wash at just 30°C.

This technology cleans garments so delicately that consumers can be confident the colors - even blacks - will stay as vibrant as when they were new. A test for color fastness was performed on black polyester after 50 washing cycles at 30°C.

## Caring is daring

Our research has shown that many consumers are scared to dry items such as down jackets in a tumble dryer.

The AEG 9000 tumble dryer with 3DScan Technology scans the humidity inside and outside clothes (detecting the residual moisture). The machine responds by adjusting its time and temperature to ensure that clothes are dried thoroughly.

This means their garments are taken better care of, giving confidence to consumers who are afraid to dry anything other than cottons.

"In our tests, we saw no shrinkage for merino wool compared to flat drying, silks retained their shape and came out with even fewer creases than by natural air drying. Outdoor water repellent garments preserved their properties even better than air drying. Even difficult-to-dry down jackets maintained their appearance and came out with up to 30% higher thermal insulation compared to when they were air dried," says Moreira.



## A human-centered approach to professional laundry

Used at hotels, hospitals and other big facilities, these appliances offer the lowest possible water, energy and detergent consumption to save money and time, and yield a lower environmental footprint.

The Line 6000 tumble dryers feature heat pump technology that reduces drying times and yields more than 60% savings on energy.

The washer's Automatic Savings feature weighs the load and adjusts the water level to the amount of linen, saving water, energy and detergents. The washer's Power Balance feature corrects any unbalance in the appliance – again to save time and ensure the best drying results.

\*<sup>1)</sup> When force is applied to cotton washed in 30° with automatic detergent dosing it equals 30 AEG washes compared to 10 competitor washes to reach the same wear.

This case study is related to our promise **Improve product performance and efficiency**

### Source:

<sup>1)</sup> <https://www.worldwildlife.org/stories/the-impact-of-a-cotton-t-shirt>





## Making a difference – one day at a time

Nearly a billion people across the world are going hungry while up to one third of food is wasted<sup>1)</sup>. The Electrolux Food Foundation aims to do its part by promoting awareness, education and relief.

Established in 2016, the **Electrolux Food Foundation** helps employees take action on food-related challenges. Employee initiatives are brought to life to inspire more sustainable food choices among consumers and professionals, and to support people in need in the communities around us.

The Foundation supports the United Nations Sustainable Development Goals for Zero Hunger (#2) and Responsible Consumption and Production (#12). Food is also a major factor in climate change, and one of the key areas where individuals can make a difference<sup>2)</sup>.

### Here are a few of the recent Food Foundation initiatives.

#### Inspiring kids to become Food Heroes

During 2018, a workshop toolkit called Food Heroes was developed and piloted by Electrolux, AIESEC and Worldchefs. The toolkit aims to inspire children to challenge and change their food habits. The toolkit is based on the UN initiative World's Largest Lesson, produced by Project Everyone in partnership with UNICEF.

“By engaging younger generations on these topics, we can help shape a more sustainable future,” says Malin Ekefalk, Director of Social Responsibility at Electrolux.

Electrolux employees, AIESEC volunteers and Worldchefs members will use the toolkit in schools around the world. By the end of 2019, the aim is to have taught 30,000 children about sustainable eating.

[Read more here.](#)

#### Teaching people professional and sustainable cooking

In 2017, Worldchefs developed a curriculum for culinary training. The goal is to train unemployed people to help them get a job in a professional kitchen. The curriculum was piloted the same year in Curitiba, Brazil, in a newly designed training kitchen at an Electrolux facility.

The program has a sustainability focus and includes how to minimize food waste by using parts of vegetables and meat cuttings that usually end up in the trash. In 2018, the training

All of the initiatives revolve around one of these three themes: to promote awareness about food waste and sustainable eating, to provide education on sustainable eating/cooking, and to provide relief meals.

We have ambitious goals. By 2030, we aim to have educated over 300,000 people and served over 3 million meals for people in need.

program continued running in Curitiba, and the program rolled out to two more locations: São Carlos (Brazil) and Moscow (Russia).

Since 2017, 92 students have graduated in the three locations. The focus in 2019 is to continue to expand the program to other locations in order to enable more people in need to find a job and provide for themselves and their families.



#### Electrolux Cares week in North America

For the third consecutive year, Electrolux in North America is committed to support people in need and fight hunger. This year, 4,500 Electrolux employees helped to prepare more than 87,000 meals.

In addition, the company donated nearly USD 10,000 and 3,000 nonperishable food items to local food banks while also making the meals, volunteering in soup kitchens, and packing backpacks full of food for needy children during the week.

“Our purpose is to shape living for the better, and fighting hunger is one of the most important ways that we can support our community,” says Eloise Hale, Head of Corporate Communications in North America at Electrolux.

[Read more here.](#)

## 10 ways we can save food

1. Plan the meals for an upcoming week in advance. Think about what you will do with the leftovers and how you will make the most of the ingredients.
2. Look at what you have in your fridge and cupboards before you head to the shop. Buy only what you need for the week ahead.
3. Dare to buy fruits and vegetables that are ugly – they taste just as good as the pretty ones.
4. Use the entire product. For example, vegetable peels can be used to prepare stocks and broths.
5. Keep your fridge at 4°C. Don't fill your fridge too full – then the air cannot circulate and keep your ingredients at their freshest.
6. Eat all the food on your plate. Don't take more than you can eat!
7. Find out how to properly store food. For example, bananas, pineapples and tomatoes are best stored outside the fridge.
8. Don't forget to use up your leftovers!
9. Overripe fruits? Throw them in a smoothie or use them in muffins.
10. Freeze food you won't use before it goes bad.

### Sources:

<sup>1)</sup> <http://www.fao.org/food-loss-and-food-waste/en/>

<sup>2)</sup> <http://www.fao.org/3/a-bb144e.pdf>

This case study is related to our promise [Be a force for good](#)



## Too precious to waste

Our appliances keep ingredients fresher for longer and make the most of their nutrients. Then, after you've enjoyed your meal, our dishwashers can help you tidy up in an ecofriendly way.

A lot of resources go into producing the food on your plate, from growing it to packaging and transporting it. All over the world, up to one third of food is wasted. At Electrolux, we're doing our part to ensure that your food stays as fresh as possible as long as possible, so nothing ends up in the bin.

Our UltraFresh+ fridge keeps fruits and vegetables delicious for longer. The sealed crisper drawer automatically keeps the humidity level just right for fresh ingredients, removing all excess condensation so that nothing dries out.

The antioxidant filter helps preserve the original vibrant colors of fruits and vegetables, and it also protects their nutritional value.



Vegetables last fresh longer in an UltraFresh+ fridge.

### Preparing your food

It's not just about keeping fruits and vegetables nutritious and fresher for longer. It's also about helping consumers prepare their meals in a way to ensure that as little food as possible heads to the bin.

Who hasn't thrown away the first pancake or eaten a steak that spent a few minutes too long in the frying pan? Wouldn't life be so much easier if a hob would control the heat of the frying pan for you?

Well, that's exactly what our SenseFry induction hob does. It has sensors that measure the temperature of pots and pans and adjust the power as needed, keeping the temperature consistent for the best frying results. Nothing is burned and nothing goes to waste!

The SenseFry is part of the SenseCook series of smart hobs. Part of the same series, the SenseBoil hob detects when water starts to boil and automatically adjusts the temperature, bringing the water to a controlled simmer that gently boils your ingredients. All these features help save energy, too.



Gently boil your ingredients on a SenseFry smart hob.

### When it's cleanup time!

Washing your dishes in a dishwasher saves a lot of water and is another way you can reduce your environmental footprint.

The QuickSelect feature, included on the AEG ComfortLift dishwasher, is an intuitive way to start a load of dishes. Consumers just need to answer two questions. The first is when they need the dishes ready by, and the second is whether any optional treatments are needed. Then the dishwasher takes over.

The AEG ComfortLift not only makes it easy for consumers to wash dishes, but it also makes it easy to see the environmental impact. The Ecometer gives direct feedback about how energy-efficient your load will be.

## Good Karma

Electrolux has partnered with Sweden-born startup Karma, which allows consumers to buy unsold food from restaurants, cafes and grocers for half the regular price.

The two companies are exploring innovative solutions for the future of food and jointly helping consumers and the food industry take bigger responsibility in reducing food waste.

One such solution is a connected fridge known as the Karma Pod. It works as a pickup point for unsold food that otherwise would likely be thrown away. The fridge was first piloted at Electrolux HQ in Stockholm and then in a nearby grocery store, ICA Kvantum Liljeholmen.

Using the Karma app, users unlock the fridge, which is equipped with a smart lock, by displaying a QR code. The purchased

product then needs to be shown by the user at the checkout in the grocery store.



This case study is related to our promise **Improve product performance and efficiency**

# Committed to combating climate change

Electrolux is one of the first 100 companies in the world with climate targets approved by the Science Based Targets initiative against climate change.

Electrolux has committed to reducing its greenhouse gas emissions from operations by 80% and its emissions from products by 25% by 2025 (2015 base year). This means we will be doing our part in helping to achieve the Paris Agreement's goal of limiting global warming to less than 2°C compared to preindustrial temperatures.

These targets have been reviewed and approved by the Science Based Targets initiative, a collaboration between major players in environmental protection – CDP, United Nations Global Compact, World Resources Institute (WRI) and the World Wildlife Fund for Nature (WWF).

According to the [initiative's website](#), science-based targets help companies determine a pathway for reducing their emissions in line with the Paris Agreement's goal.

"We're proud to be part of the Science Based Targets initiative. With these ambitious climate targets for 2025, we are strengthening our commitment to be a sustainability leader in our industry," says Jonas Samuelson, Electrolux President and CEO. "This is a natural addition to our target for an overall 50% reduction of carbon emissions from 2005 to 2020."



## SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

## How will we manage these ambitious targets?

Henrik Sundström, VP Sustainability, says, "We'll continue driving product efficiency, eliminating high-impact greenhouse gases from products, and improving efficiency throughout operations and our supply chain. Focus on renewable energy sources for operations will also increase, and we aim to increase the share of those sources to 50% already by 2020."

More specifically, our targets encompass three scopes. Scopes 1 and 2 are dedicated to increasing efficiency in our operations, shifting to electricity entirely from renewable sources (current levels are 50%) by 2025 and looking at options to natural gas. For example, we are installing solar panels at our plants. [Read more here about our work toward climate-neutral operations.](#)

For Scope 3, which addresses indirect emissions such as the energy consumption of products during their use, Electrolux has committed to extending our 50% carbon target model to include more product categories. The planned product efficiency improvements are included in our product generation plans. We are also supporting energy regulations for products, thereby leveling the playing field.

This case study is related to our promises [Improve product performance and efficiency](#) and [Achieve more with less](#)



# Involving suppliers in our sustainability agenda

Sustainability is a responsibility we share with our suppliers. This cooperation involves helping them understand what we require of them, driving improvements, and recognizing good work.

Every Electrolux supplier promises to meet the Group's high expectations on sustainability. We ensure that prospective and current suppliers meet these standards by evaluating, auditing and training suppliers and supplier candidates in all sourcing regions.

We have a number of **codes and policies** that lay the groundwork for how Electrolux is to conduct its business sustainably and responsibly. The Electrolux Supplier Workplace Standard in particular defines the minimum acceptable standards for health and safety, environment, labor and human rights –wherever our suppliers operate.

## New tool provides training at the push of a button

One training tool that Electrolux has started using to increase suppliers' understanding of our requirements is QuizRR, an external digital learning platform developed specifically to improve understanding of what good workplace practices look like.

With QuizRR, we reach a large number of people working at our suppliers –from management to supervisors to workers – and educate them about workplace policies, health and safety, and more.



QuizRR makes it easier to learn about good workplace practices.

The training is designed to be a playful, engaging learning experience, consisting of sketches of various everyday workplace situations followed by questions to test whether the information provided has been understood. The training

modules are in local languages and settings to make it easy for workers to understand and relate to the training topics.

Sandra Li works within the Responsible Sourcing team with supplier development and has been involved hands-on in rolling out this training in China. She says, "Feedback from suppliers about this training has been positive. The module about workplace dialogue has been particularly appreciated. Managers have found it helpful in shaping management principles that are more effective and better fitted to employees' needs."

Three suppliers in China have started using QuizRR, and to date over 6,200 people have undergone training. Participants have said that they find the training easy to use and understand. The plan is to implement further modules in China and expand the training to countries in Southeast Asia, with its specific migrant labor challenges.

## Supplier spotlight: Jiaxipera

One of the suppliers involved in the training pilot is our long-time partner, Jiaxipera, where 100% of their employees have gone through the first four modules.

Located in Jiaxing, China, Jiaxipera is one of our largest suppliers of compressors. In October 2018, they were recognized at our global Supplier Awards as the Supplier Excellence award winner for the Asia-Pacific region.

But the journey to supplier excellence isn't always an easy one. Historically, Jiaxipera found themselves struggling with meeting different customer requirements for order flexibility on one side and work environment improvements on the other, while also striving to secure employee retention in a difficult job market. All this resulted in several compliance issues back in 2015.

Jiaxipera took the challenge head on. They thoroughly analyzed production bottlenecks and work-hour data, and this resulted in the identification of several improvement areas. That, together with a focus on employee training using QuizRR, helped Jiaxipera turn a difficult situation into a win-win-win solution for themselves, their customers and employees.

They managed to turn their compliance issues into business improvements where:

- Average daily production capacity increased by 18%.
- Average per capita output increased by 15%.
- Employee satisfaction increased and employee turnover rate decreased.

## Supplier Awards

The sixth Electrolux Supplier Awards ceremony, held on October 16, 2018, highlighted why closer and earlier cooperation with suppliers is key to delivering best-in-class consumer experiences and achieving our sustainability goals.

The 13 awards recognize the best of the best. Out of over 3,000 suppliers, just 1% made it through to the finals.

"Strong relationships create value – in innovation, performance, flexibility, reliability and sustainability – which results in better products and better consumer experiences," says Peter Truyens, SVP Group Purchasing.

In a poll among the Supplier Award suppliers, 83% state that sustainability is part of strategy formulations and investment decisions, and 78% state that sustainability is contributing to the relationship with Electrolux.

## Supplier Sustainability Days

Electrolux Supplier Sustainability Days take place on a regular basis and are an important way to connect with suppliers and let them know what we require from them.

In November 2018, we held a Supplier Sustainability Day in Cairo. Around 55 supplier representatives took part and learned what we expect of our suppliers and their crucial part in the Group's sustainable supply chain.

The day touched upon different aspects of ensuring that our suppliers create working conditions that treat their employees with respect and ensure their safety.

Sustainability was also a key topic in supplier seminars in Charlotte and Venice, and plans are underway for additional seminars in 2019.

# Every drop of water counts

Electrolux is committed to control and reduce the use of water across factories worldwide and to enhance water efficiency in products that naturally help save water in homes and businesses.

Water availability is one of the greatest challenges of our time. Globally, the demand for water is expected to increase by 55% between 2000 and 2050<sup>1)</sup>.

In the end of August 2018, the World Water Week conference took place in Stockholm, shedding light on issues related to water. At a session hosted at our headquarters, Electrolux representatives took the chance to present how we are working with water management and engage in a dialogue with numerous international water experts. The goal was to get their feedback on how we can continue to take the lead in this area.

"We have ambitious goals on how we will limit the use of water consumption in our own manufacturing and also on how our products should be as water-efficient as possible," says Henrik Sundström, VP Sustainability Affairs.

Tomas Dahlman, Director Global Energy, says, "On the manufacturing side, our strategy is to reduce water consumption by 5% every year in areas of water risks. In 2018, we achieved an overall improved water efficiency in operations of 35% compared to 2015."

One example of how we are reducing water is the "Stop the Drop" program in the EMEA region factories and offices. Launched in 2017, the program has saved over one million cubic meters of water so far.

Each EMEA-based factory has implemented a water-saving action plan including activities to monitor water usage, recycle and reuse waste water, automate irrigation, prevent water leaks, and raise awareness among employees about how they can reduce water consumption.



## Reducing water consumption in our manufacturing

Electrolux has 53 factories all over the world, consuming around 3 million cubic meters of water every year; 20 of these factories are located in water-risk areas.

## Improving the water efficiency of appliances

Electrolux analyzes the lifecycle impact – including that on water source – of its appliances, from cradle to grave. For all appliances, the biggest impact on water comes from the use phase, with the washing machine having the biggest water footprint.

Our appliances can make a positive impact on water consumption in a number of ways. Energy efficiency is another focus area for Electrolux, and by helping to save energy, we help to save water, as water is needed to produce electricity.

Having washing machines that take gentle care of clothes helps to save water as, on average, 2,700 liters of water going into making a single T-shirt<sup>2)</sup>. Our refrigerators, such as our UltraFresh+ fridges, help keep food fresh for longer – thereby reducing food waste and the water needed to produce that food.

Dishwashers can also help save water. Washing dishes by hand uses much more water than washing them in the dishwasher. On average, washing dishes by hand consumes 100 liters of water compared to less than 10 liters if they are cleaned in a dishwasher<sup>3)</sup>.



"A washing machine uses on average almost 50% less water today than 15 years ago and a dishwasher uses 22% less water," explains Stefano Zuin, Electrolux Innovation Expert, Global Connectivity & Technology Organization (see related study<sup>4)</sup> for more details). Electrolux is constantly looking into ways to further reduce these numbers.

## Water-saving hero

The Green & Clean rack dishwasher uses only 0.4 liters of water to clean and sanitize an entire rack of dishes.

The dishwasher uses less water, energy, detergent and rinse aid, which translates into lower running costs and less impact on the environment.

This case study is related to our promises: [Achieve more with less](#) and [Improve product performance and efficiency](#).

## Sources:

- <sup>1)</sup> <http://www.globalwaterforum.org/2012/05/21/water-outlook-to-2050-the-oecd-calls-for-early-and-strategic-action/>
- <sup>2)</sup> <https://bettercotton.org/about-bci/cottons-water-footprint-how-one-t-shirt-makes-a-huge-impact-on-the-environment/>
- <sup>3)</sup> Richter C.P. 2011. Usage of dishwashers: observation of consumer habits in the domestic environment. *Int. J. of Consumers Studies*, 35(2):180-186.
- <sup>4)</sup> Boyano A., Espinosa, N., Villanueva A., Follow-up of the preparatory study for Ecodesign and Energy Label for household washing machines and household washer dryers, EUR 28807 EN, Publications Office of the European Union, Luxembourg, 2017, ISBN 978-92-79-73894-4, doi:10.2760/954441, JRC108583.

# About this report

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

The 2018 Electrolux Sustainability Report presents the nine Promises of the Group's 'For the better' sustainability approach. Using the Global Reporting Initiative (GRI) Standards sustainability reporting guidelines as our starting point, the report aims to deliver the information needs of different stakeholders on our work with sustainability. The report is presented in two versions: an abbreviated, printed report (available in pdf format) and an extended, comprehensive online report (also available as a pdf).

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

## Annual Report

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

## Reporting realm

This Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, option Core, and has been reviewed by a third party to ensure the accuracy and completeness of reporting. The scope and boundaries of the Sustainability Report is defined by the GRI Index. The GRI Index leads readers to information on relevant disclosures as defined by the GRI Standards.

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

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

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

Electrolux applies the precautionary principle for managing sustainability and reporting as stated in our environmental policy. We use conservative estimates where applicable.

## Boundary of the report

The sustainability report is published annually. This report covers data that has been collected throughout the 2018 calendar year. At year end, the total number of employees was 51,798 (56,708) encompassing our majority-owned operations. This report covers 53 (48) factories, 35 (35) warehouses and 46 (27) offices, in 29 (27) countries. This represents 90% (90%) of our total number of employees at year end. Staff working at facilities with less than 30 employees are not included in this compilation.

The average number of employees in the Group decreased by 2% during 2018.

Energy reduction performance was calculated according to the World Resources Institute (WRI). Electricity emissions factors were updated according to the CO<sub>2</sub> emissions from fuel combustion 2018 edition data set, as published by the International Energy Agency (IEA). To allow comparability, the electricity emission factors used in this report are offset by a three-year period. Units using renewable energy have been defined as having a CO<sub>2</sub> emission factor of zero. Wherever possible, Electrolux reports on its performance indicators covering the last five years.

Health and safety statistics are based on the Electrolux global definitions in terms of what constitutes a workplace injury and a lost day due to injury. All personell within Electrolux manufacturing and logistic operations are included, as well as contractors.

Throughout the report, as data is presented as part of the narrative, 2017 data is presented in (brackets).

The company's previous Sustainability Report was published in March 2018.

## Omissions from GRI Standards

GRI 201-1 Direct economic value generated and distributed: Only distribution of direct economic value reported in percentages.

GRI 205-2 Communication and training about anti-corruption: Only number of employees trained reported.

GRI 301-2 Recycled input materials used: Disclosure is aligned with internally used key performance indicator for recycled plastics used.

GRI 303-4 Water discharge: Where locations lack measurement instruments for discharge water, data is based on engineering estimates.

GRI 306-2 Waste by type and disposal method: Engineering estimates have been applied for a proportion of the data. Hazardous waste weight is not broken down by disposal method. In 2019, Electrolux will roll out a comprehensive waste management system for all its factories.

GRI 401-1 New employee hires and employee turnover: New hire data is not consolidated at Group level. No total numbers nor breakdown on age groups reported, only percentages.

GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities: Occupational diseases and absenteeism are not consolidated at Group level. In this area no gender specific information is collected.

GRI 404-1 Average hours of training per year per employee: Training hours only cover white collar employee categories. No data for gender specific training hours.

GRI 405-1 Diversity of governance bodies and employees: No breakdown by age group reported.

GRI 412-2 Employee training on human rights policies or procedures: Only number of employees trained reported.

### Restatement of information and changes in reporting

No major changes to reporting scope and boundaries.

Due to an error, the TCIR improvement rate in the Annual Report is wrong. The correct number, 34% improvement since 2014, is stated in the Sustainability Report.

### External assurance

The Sustainability Report (as referenced in the GRI index) is reviewed in accordance with the standard ISAE3000.

[Read Auditor's Limited Assurance Report on AB Electrolux's Sustainability Report](#)

For more and continuously updated information on the Group's progress and performance in terms of sustainability issues, visit: <https://www.electroluxgroup.com/en/>

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## GRI Index

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

### Overview of Standard Disclosure requirements

This Sustainability Report is based on the Global Reporting Initiative (GRI) Standards and is reviewed by a third party to ensure the accuracy and completeness of reporting. This GRI Index directs readers to information on relevant indicators as defined by the GRI Standards. Reference to disclosures preceded by 'Own disclosure:' in the below table, reflect, but do not fully meet the requirements as defined by GRI. The differences are explained in [About this report](#). Disclosure refers to GRI Standards versions 2016. Topics that refer to Standards versions 2018 are denoted with \*.

The index below outlines where GRI reporting elements are addressed in this Sustainability Report, in the Annual Report, and where they are disclosed online at

[www.electroluxgroup.com](http://www.electroluxgroup.com).

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

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

## GRI 102 General Standard disclosures

### Organizational profile

GRI 102-1 Name of the organization	AB Electrolux (publ)
GRI 102-2 Activities, brands, products, and services	<p>Annual report: <a href="#">CEO statement - Good progress in a challenging environment</a></p> <p>Annual report: <a href="#">Note 3 Segment information</a></p>
GRI 102-3 Location of headquarters	Stockholm, Sweden
GRI 102-4 Location of operations	Production in 19 countries, sales in over 150 markets
GRI 102-5 Ownership and legal form	<a href="#">Ownership structure</a>
GRI 102-6 Markets served	<p>150 Markets worldwide</p> <p>Annual report: <a href="#">CEO statement - Good progress in a challenging environment</a></p>
GRI 102-7 Scale of the organization	<p>51,798 employees at year end</p> <p><a href="#">Board of Directors' report and financial statements</a></p>
GRI 102-8 Information on employees and other workers	<p>Annual Report: <a href="#">Board of Directors' report and financial statements - Employees</a></p> <p><a href="#">Employment by contract and region</a></p> <p><a href="#">Average employees per region</a></p>
GRI 102-9 Supply chain	<a href="#">Improve sustainability in the supply chain</a>
GRI 102-10 Significant changes to the organization and its supply chain	<p><a href="#">About this report</a></p> <p>Annual Report: <a href="#">Note 26 Acquired and divested operations</a></p>
GRI 102-11 Precautionary Principle or approach	<a href="#">About this report</a>
GRI 102-12 External initiatives	<a href="#">UN Global Compact</a>
GRI 102-13 Membership of associations	<a href="#">APPLIA</a> and <a href="#">AHAM</a> is Electrolux principal industry associations membership

<b>Strategy</b>	
GRI 102-14 Statement from senior decision-maker	Sustainability Q&A with Jonas Samuelson, Electrolux President and CEO  Sustainability Q&A with Henrik Sundström, VP Sustainability Affairs
<b>Ethics and Integrity</b>	
GRI 102-16 Values, principles, standards, and norms of behavior	Electrolux Code of Conduct
<b>Governance</b>	
GRI 102-18 Governance structure	Board of directors  Group Management
<b>Stakeholder engagement</b>	
GRI 102-40 List of stakeholder groups	Stakeholders inform our approach
GRI 102-41 Collective bargaining agreements	Collective bargaining agreements
GRI 102-42 Identifying and selecting stakeholders	Stakeholders inform our approach
GRI 102-43 Approach to stakeholder engagement	Stakeholders inform our approach
GRI 102-44 Key topics and concerns raised	Key priorities and progress 2018 Our materiality process Stakeholders inform our approach
<b>Reporting practice</b>	
GRI 102-45 Entities included in the consolidated financial statements	Annual Report: Board of Directors' report and financial statements  Annual Report: Note 29 Shares and participations
GRI 102-46 Defining report content and topic Boundaries	About this report
GRI 102-47 List of material topics	For the better framework
GRI 102-48 Restatements of information	About this report
GRI 102-49 Changes in reporting	About this report
GRI 102-50 Reporting period	About this report
GRI 102-51 Date of most recent report	About this report
GRI 102-52 Reporting cycle	About this report
GRI 102-53 Contact point for questions regarding the report	Henrik Sundstöm, VP Sustainability Affairs
GRI 102-54 Claims of reporting in accordance with the GRI Standards	Prepared in accordance with the GRI Standards: Core option
GRI 102-55 GRI content index	GRI Index
GRI 102-56 External assurance	About this report



## GRI 200 Economic standards

<b>GRI 201 economic performance</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	
GRI 201-1 Direct economic value generated and distributed	Direct economic value generated and distributed	2,5,7,8,9
<b>GRI 205: Anti-corruption</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	
GRI 205-1 Operations assessed for risks related to corruption	Risk countries 2018  Understanding and managing our human rights risks.  Value impacts throughout our value chain	16
GRI 205-2 Communication and training about anti-corruption policies	Always act ethically and respect human rights	16
GRI 205-3 Confirmed incidents of corruption and actions taken	Always act ethically and respect human rights	16

## GRI 300 Environmental Standards

<b>GRI 301: Materials</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	
GRI 301-1 Materials used by weight or volume	Materials	8,12
GRI 301-2 Recycled input materials used	Own disclosure: Amount of recycled plastic	8,12
<b>GRI 302 energy</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	
GRI 302-1 Energy consumption within the organization	Energy consumption	7,8,12,13
GRI 302-3 Energy intensity	Achieve more with less	7,8,12,13
GRI 302-4 Reduction of energy consumption	Achieve more with less	7,8,12,13
<b>GRI 303 water and effluents <sup>*)</sup></b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	
GRI 303-3 Water withdrawal	Water withdrawal	6
GRI 303-4 Water discharge	Water discharge	6

<b>GRI 305 emissions</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	
GRI 305-1 Direct (Scope 1) GHG emissions	Achieve more with less: Total direct and indirect CO <sub>2</sub> gas emissions by weight	3,12,13,14,15
GRI 305-2 Energy indirect (Scope 2) GHG emissions	Achieve more with less: Total direct and indirect CO <sub>2</sub> gas emissions by weight	3,12,13,14,15
GRI 305-4 GHG emissions intensity	Achieve more with less: Greenhouse gas (GHG) emissions intensity	13,14,15
GRI 305-5 Reduction of GHG emissions	Achieve more with less	13,14,15
GRI 305-6 Emissions of ozone-depleting substances (ODS)	Ozone depletion substances	3,12,13
<b>GRI 306 effluents and waste</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	
GRI 306-2 Waste by type and disposal method	Waste by type and disposal method	3,6,12
<b>GRI 308 supplier environmental assessment</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	
GRI 308-1 New suppliers that were screened using environmental criteria	Improve sustainability in the supply chain	

## GRI 400 Social Standards

<b>GRI 401: Employment</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	5,8
GRI 401-1 New employee hires and employee turnover	Own disclosure: Employee turnover by age group and gender	
<b>GRI 403: Occupational health and safety</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	8
GRI 403-1 Workers representation in formal joint management-worker health and safety committees	Always act ethically and respect human rights	8
GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Ensure the best health and safety: Own disclosure: Rates of injury, lost days, and number of work-related fatalities	
<b>GRI 404: Training and education</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	4,5,8
GRI 404-1 Average hours of training per year per employee	Average hours of training per year per employee	
<b>GRI 405: Diversity and equal opportunity</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	5,8
GRI 405-1 Diversity of governance bodies and employees	Gender distribution	

<b>GRI 406: Non-discrimination</b>		
GRI 103 1/2/3 Management Approach	Management approach	5,8,16
GRI 406-1 Incidents of discrimination and corrective actions taken	Always act ethically and respect human rights	
<b>GRI 407: Freedom of association and collective bargaining</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	8
GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Risk Countries 2018 Understanding and managing our human rights risks Impacts throughout our value chain	
<b>GRI 408: Child labour</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	8,16
GRI 408-1 Operations and suppliers at significant risk for incidents of child labor	Risk Countries 2018 Understanding and managing our human rights risks	
<b>GRI 409: Forced or compulsory labour</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	8
GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Risk Countries 2018 Understanding and managing our human rights risks	
<b>GRI 412: Human rights assessment</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	
GRI 412-1 Operations that have been subject to human rights reviews or impact assessments	Always act ethically and respect human rights	
GRI 412-2 Employee training on human rights policies or procedures	Always act ethically and respect human rights	
GRI 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Understanding and managing our human rights risks	
<b>GRI 414: Supplier social assessment</b>		<b>SDG</b>
GRI 103 1/2/3 Management Approach	Management approach	5,8,16
GRI 414-1 New suppliers that were screened using social criteria	Improve sustainability in the supply chain	

# UNGC Advanced-level reporting

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

## WE SUPPORT



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

Electrolux reports in accordance with the United Nations Guiding Principles on the Business and Human Rights reporting

framework. A separate index has been created to guide readers to the relevant areas in the report that address human rights.

The 2018 Sustainability Report and the 2018 Annual Report reflect our commitment to these principles and the efforts to continuously improve performance. The 2018 Sustainability Report is third party assured.

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

 COMMUNICATION ON PROGRESS	<p>This is our <b>Communication on Progress</b> in implementing the principles of the <b>United Nations Global Compact</b> and supporting broader UN goals.</p>
	<p>We welcome feedback on its contents.</p>

# Implementing the ten principles into strategies and operations

UN Global Compact Advanced Criteria	References
<p><b>Criterion 1: The COP describes mainstreaming into corporate functions and business units.</b></p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc) ensuring no function conflicts with company's sustainability commitments and objectives.</li> <li>Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy.</li> <li>Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary.</li> <li>Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs.</li> <li>Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts.</li> </ul>	<p><a href="#">CEO Statement</a></p> <p><a href="#">VP Statement</a></p> <p><a href="#">Management Approach</a></p> <p><a href="#">Key priorities and progress 2018</a></p> <p><a href="#">Understanding and managing our human rights risks</a></p>
<p><b>Criterion 2: The COP describes value chain implementation</b></p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts.</li> <li>Communicate policies and expectations to suppliers and other relevant business partners</li> <li>Implement monitoring and assurance mechanisms (e.g. audits/screenings) for compliance within the company's sphere of influence.</li> <li>Undertake awareness-raising, training and other types of capacity building with suppliers and other business partners</li> </ul>	<p><a href="#">Value chain</a></p> <p><a href="#">Improve sustainability in the supply chain</a></p> <p><a href="#">Understanding and managing our human rights risks</a></p>



# Human Rights Management Policies & Procedures

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

## Robust Labour Management Policies & Procedures

UN Global Compact Advanced Criteria	References
<p><b>Criterion 6: The COP describes robust commitments, strategies or policies in the area of labor</b></p>	Code of Conduct
<p>The following best practices are described in our COP</p>	Understanding and managing our human rights risks
<ul style="list-style-type: none"> <li>• Reference to principles of relevant international labour standards (ILO Conventions) and other normative international instruments in company policies</li> <li>• Reflection on the relevance of the labour principles for the company</li> <li>• Written company policy to obey national labour law, respect principles of the relevant international labour standards in company operations worldwide, and engage in dialogue with representative organization of the workers (international, sectoral, national).</li> <li>• Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners</li> <li>• <i>Specific commitments and Human Resources policies, in line with national development priorities or decent work priorities in the country of operation</i></li> <li>• <i>Participation and leadership in wider efforts by employers' organizations (international and national levels) to jointly address challenges to labour standards in the countries of operation.</i></li> <li>• Structural engagement with a global union, possibly via a Global Framework Agreement</li> </ul>	<p>Management approach: social</p> <p>Always act ethically and respect human rights</p> <p>Improve sustainability in the supply chain</p> <p>International framework agreement</p>
<p><b>Criterion 7: The COP describes effective management systems to integrate the labor principles</b></p>	Understanding and managing our human rights risks
<p>The following best practices are described in our COP</p>	Stakeholders inform our approach
<ul style="list-style-type: none"> <li>• Risk and impact assessments in the area of labour</li> <li>• Dialogue mechanism with trade unions to regularly discuss and review company progress in addressing labour standards</li> <li>• Allocation of responsibilities and accountability within the organization</li> <li>• Internal awareness-raising and training on the labour principles for management and employees</li> <li>• Active engagement with suppliers to address labour-related challenges</li> <li>• Grievance mechanisms, communication channels and other procedures (e.g., whistleblower mechanisms) available for workers to report concerns, make suggestions or seek advice, designed and operated in agreement with the representative organization of workers</li> </ul>	<p>Always act ethically and respect human rights</p> <p>Management approach</p> <p>Improve sustainability in the supply chain</p>
<p><b>Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labor principles integration</b></p>	Always act ethically and respect human rights
<p>The following best practices are described in our COP</p>	Management approach
<ul style="list-style-type: none"> <li>• System to track and measure performance based on standardized performance metrics</li> <li>• Dialogue with the representative organization of workers to regularly review progress made and jointly identify priorities for the future</li> <li>• Audits or other steps to monitor and improve the working conditions of companies in the supply chain, in line with principles of international labour standards</li> <li>• Process to positively engage with the suppliers to address the challenges (i.e., partnership approach instead of corrective approach) through schemes to improve workplace practices</li> <li>• Outcomes of integration of the Labour principles</li> </ul>	<p>Stakeholders inform our approach</p> <p>Improve sustainability in the supply chain</p> <p>Auditing and monitoring</p> <p>ALFA</p> <p>Internal code of conduct audit findings</p>

# Environmental Management Policies and Procedures

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

## Anticorruption management policies and procedures

UN Global Compact Advanced Criteria	References
<p><b>Criterion 12: The COP describes robust commitments, strategies or policies in the area of anti-corruption</b></p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>Publicly stated formal policy of zero-tolerance of corruption</li> <li>Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes</li> <li><i>Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption</i></li> <li><i>Detailed policies for high-risk areas of corruption</i></li> <li>Policy on anticorruption regarding business partners</li> </ul>	<p>Code of Conduct</p> <p>Understanding and managing our human rights risks</p> <p>Always act ethically and respect human rights</p>
<p><b>Criterion 13: The COP describes effective management systems to integrate the anti-corruption principle</b></p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>Support by the organization's leadership for anti-corruption</li> <li>Carrying out risk assessment of potential areas of corruption</li> <li>Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees</li> <li><i>Internal checks and balances to ensure consistency with the anticorruption commitment</i></li> <li><i>Actions taken to encourage business partners to implement anti-corruption commitments</i></li> <li>Management responsibility and accountability for implementation of the anti-corruption commitment or policy</li> <li>Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice</li> <li>Internal accounting and auditing procedures related to anticorruption</li> </ul>	<p>Understanding and managing our human rights risks</p> <p>Always act ethically and respect human rights</p> <p>Auditing and monitoring</p> <p>Improve sustainability in the supply chain</p> <p>Code of Conduct</p>
<p><b>Criterion 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption</b></p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>Leadership review of monitoring and improvement results</li> <li>Process to deal with incidents</li> <li>Public legal cases regarding corruption</li> <li><i>Use of independent external assurance of anti-corruption programmes</i></li> <li>Outcomes of integration of the anti-corruption principle</li> </ul>	<p>Always act ethically and respect human rights</p> <p>Management approach</p> <p>ALFA</p> <p>Internal Code of Conduct audit findings</p> <p>Understanding and managing our human rights risks</p> <p>Annual Report: Note 25 Contingent assets and liabilities</p>

## Taking action in support of broader UN goals and issues

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



## Corporate sustainability governance and leadership

UN Global Compact Advanced Criteria	References
<p><b>Criterion 19: The COP describes CEO commitment and leadership</b></p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>• CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact</li> <li>• <i>CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards</i></li> <li>• CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation</li> <li>• <i>Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team</i></li> </ul>	<p>CEO Statement: Our transformation into a more purpose-driven company</p> <p>VP Statement: Embedding sustainability into our operations to drive performance</p> <p>Electrolux Food Foundation</p>
<p><b>Criterion 20: The COP describes Board adoption and oversight</b></p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>• Board of Directors (or equivalent) assumes responsibility and oversight for long-term corporate sustainability strategy and performance</li> <li>• <i>Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability.</i></li> <li>• Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress)</li> </ul>	<p>CEO Statement</p> <p>Sustainability Reporting 2018 AR p190</p> <p>Management approach</p>
<p><b>Criterion 21: The COP describes stakeholder engagement</b></p> <p>The following best practices are described in our COP</p> <ul style="list-style-type: none"> <li>• Publicly recognize responsibility for the company's impacts on internal and external stakeholders</li> <li>• Define sustainability strategies, goals and policies in consultation with key stakeholders</li> <li>• <i>Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance</i></li> <li>• Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect whistle-blowers</li> </ul>	<p>Stakeholders inform our approach</p> <p>Value chain</p> <p>Always act ethically and respect human rights</p> <p>Understanding and managing human rights risks</p>

# UN Guiding Principles Reporting Framework

## POLICY COMMITMENT

**A1** What does the company say publicly about its commitment to respect human rights?

Codes and policies

Code of Conduct

Workplace Policy and Supplier Workplace Standard

Always act ethically and respect human rights

Improve sustainability in the supply chain

## EMBEDDING RESPECT FOR HUMAN RIGHTS

**A2** How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?

Always act ethically and respect human rights

Improve sustainability in the supply chain

Understanding and managing our human rights risks

## PART B: DEFINING THE FOCUS OF REPORTING

**B1** Statement of salient issues: State the salient human rights issues associated with the company's activities and business relationships during the reporting period.

Understanding and managing our human rights risks

**B2** Determination of salient issues: Describe how the salient human rights issues were determined, including any input from stakeholders.

Understanding and managing our human rights risks

Materiality process

**B3** Choice of focal geographies: If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.

Understanding and managing our human rights risks

High risk countries

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

## PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES

## SPECIFIC POLICIES

<b>C1</b> Does the company have any specific policies that address its salient human rights issues and, if so, what are they?	Code of Conduct
	Workplace Policy and Supplier Workplace Standard

## STAKEHOLDER ENGAGEMENT

<b>C2</b> What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?	Materiality process
	Stakeholders inform our approach
	Understanding and managing our human rights risks

## ASSESSING IMPACTS

<b>C3</b> How does the company identify any changes in the nature of each salient human rights issue over time?	Materiality process
	Understanding and managing our human rights risks

## INTEGRATING FINDINGS AND TAKING ACTION

<b>C4</b> How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?	Managing sustainability risks
	Management approach
	Always act ethically and respect human rights
	Improve sustainability in the supply chain

## TRACING PERFORMANCE

<b>C5</b> How does the company know if its efforts to address each salient human rights issue are effective in practice?	Auditing and monitoring
	Internal Code of Conduct audit findings

## REMEDIATION

<b>C6</b> How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?	Always act ethically and respect human rights
	Auditing and monitoring
	Improve sustainability in the supply chain

# Awards and recognition

Rating agencies and sustainability rankings have recognized our sustainability commitment and performance over the last year.

## Dow Jones Sustainability World Index

Electrolux has been named Industry Leader of the Household Durables category in the Dow Jones Sustainability World Index (DJSI World). It is the twelfth consecutive year that Electrolux receives this recognition in the assessment, which highlights the 10% best-in-class economic, environmental and social performers among the world's 2,500 largest companies.

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM

## RobecoSAM

Electrolux was the only consumer durables company to receive the RobecoSAM Gold Class award in 2019.



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

## CDP Climate A List

Electrolux has been named one of the top 2% corporate global leaders acting on climate change by international non-profit CDP in its 2018 CDP Climate Change A List.



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

## 2018 Global RepTrak100

Ranking as the 67th world's most reputable company, Electrolux is included in the 2018 Global RepTrak® 100. The Global RepTrak® 100 is an annual study conducted by the Reputation Institute to measure a company's ability to deliver on stakeholder expectations in seven key dimensions. It ranks the world's 100 most highly regarded and familiar global companies in 15 countries. Electrolux is #67 in the CSR RepTrak® 100, which reflects performance in citizenship, governance and workplace dimensions. The result is based on 230,000+ interviews among general public consumers in the 15 largest economies in the world.



## Stoxx

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



## Global Compact 100

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

## Sustainalytics

Electrolux was recognized as a Leader in the Consumer Durables industry by Sustainalytics, a global Environmental, Social and Governance (ESG) research and ratings firm. Electrolux had an overall ESG score of 80 out of 100 according to Sustainalytics.



## FTSE4Good

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



## ISS oekom Prime status

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



## Ethibel Sustainability Index Excellence Europe

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



## Ethibel Excellence Investment Register

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





# Transparency in the supply chain

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

# Auditor's Limited Assurance Report

## Auditor's Limited Assurance Report on AB Electrolux's Sustainability Report

To AB Electrolux (publ), corporate identity number 556009-4178

### Introduction

We have been engaged by the Board of Directors and the Executive Management of AB Electrolux (publ) ("Electrolux") to undertake a limited assurance engagement of the Electrolux's Sustainability Report for the year 2018. The Company has defined the scope of the Sustainability Report in the section **About this report** in the online edition of the report (<https://www.electroluxgroup.com/sustainabilityreports/2018/en/>).

### Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained in the section **About this report** in the online edition of the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

### Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Electrolux in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

### Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

STOCKHOLM 22 MARCH 2018

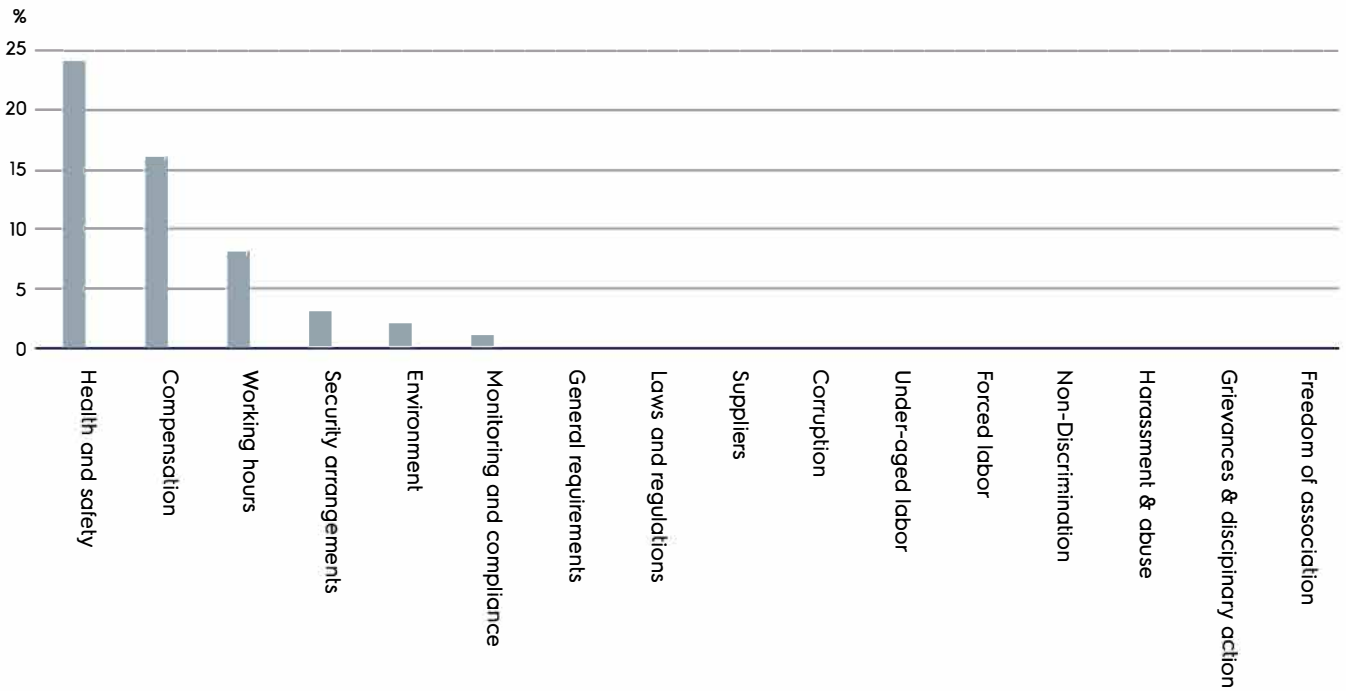
DELOITTE AB

Jan Berntsson  
Authorized Public Accountant

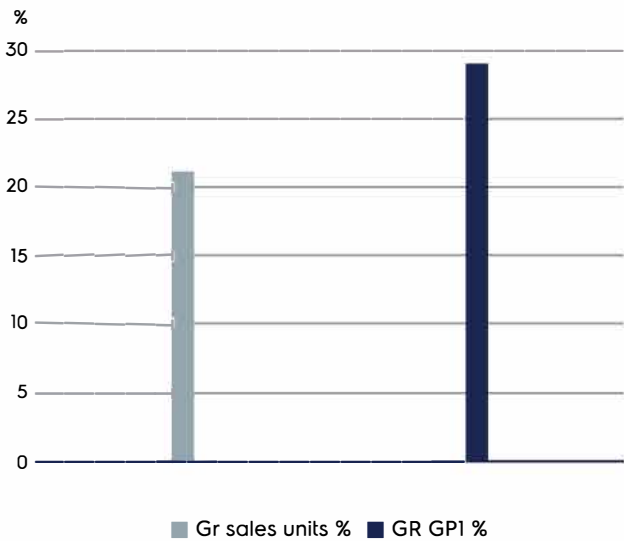
Lennart Nordqvist  
Expert Member of FAR

# Internal CoC findings

Total number of findings 2018

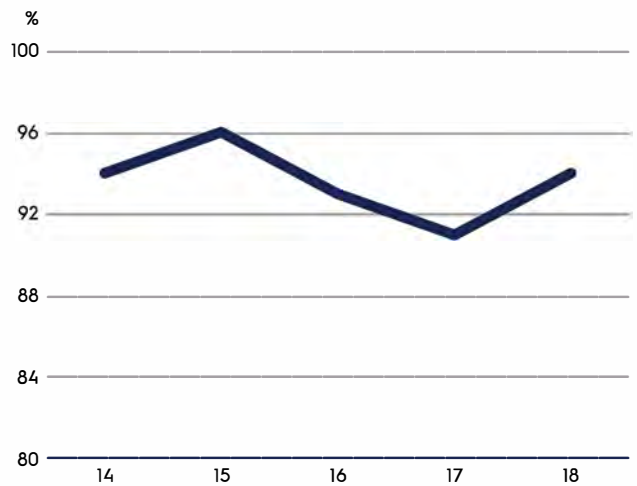


## Green Range



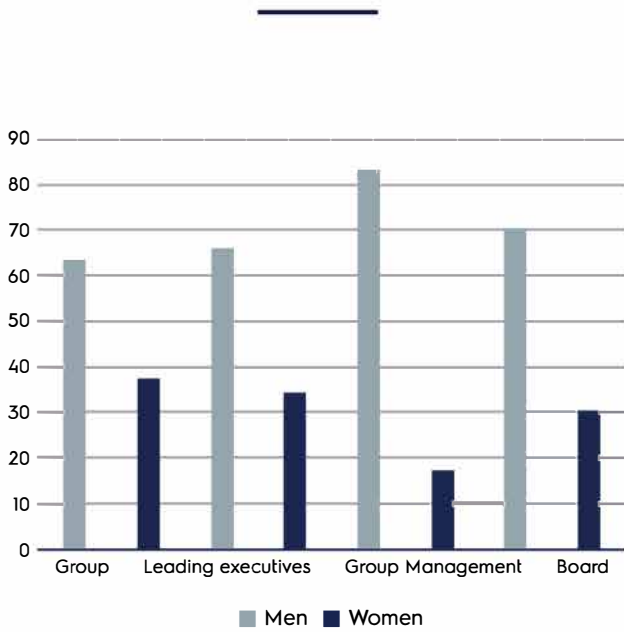
## Management Approach ISO 14001

Level of ISO14001 certification

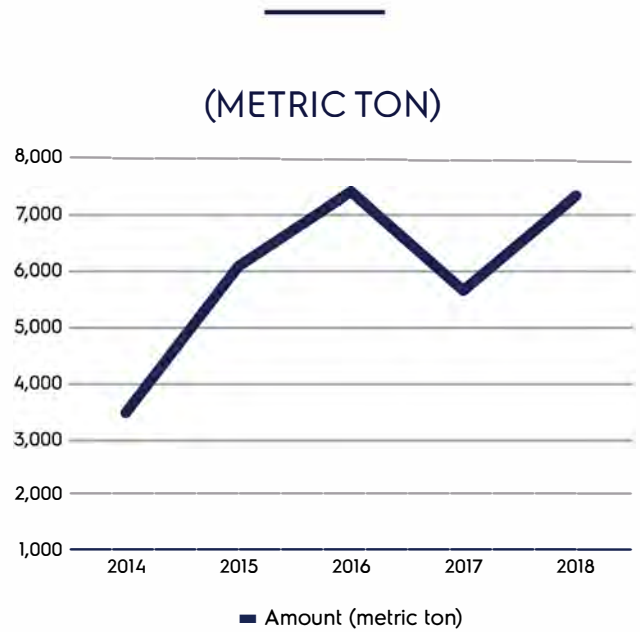


The share of factories with more than 50 employees that have certified ISO14001 environmental management systems.

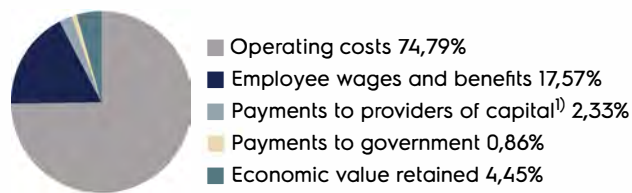
## Gender Distribution 2018



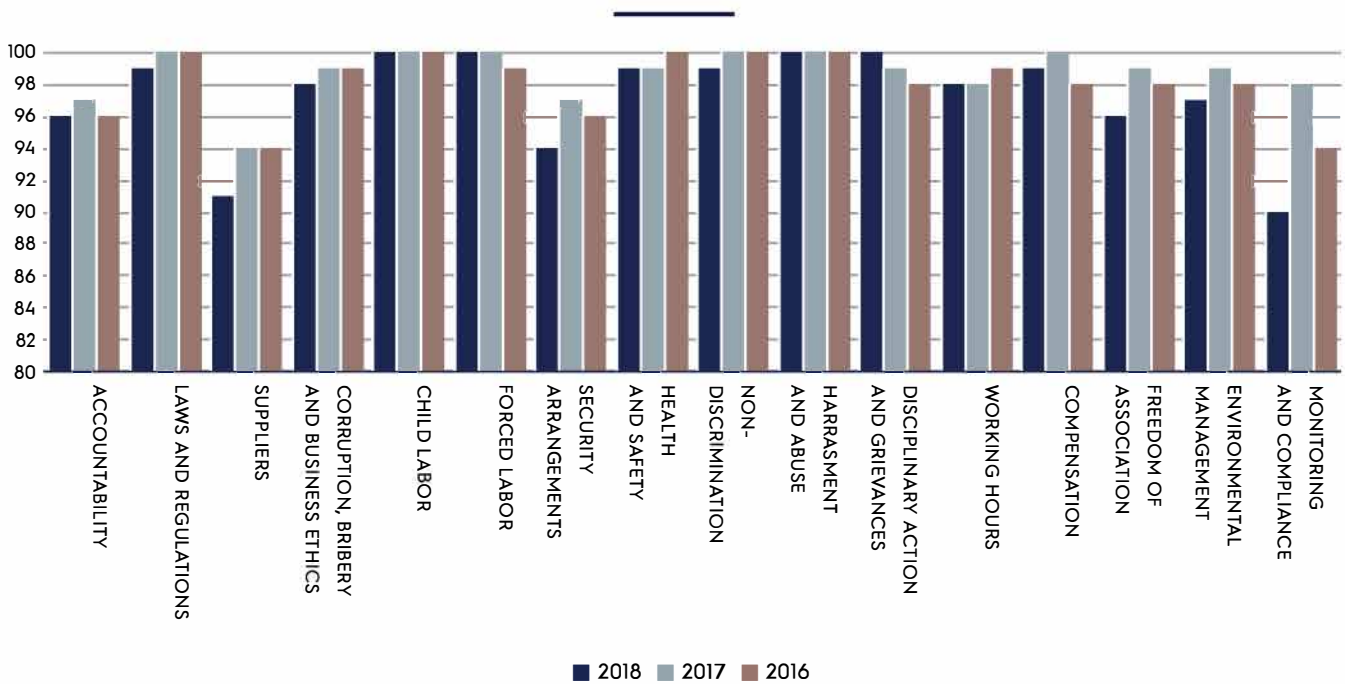
## GRI 301-2 Amount of Recycled plastic (Own indicator)



## GRI 201-1 Direct economic value generated and distributed



# ALFA assessments of the Code of Conduct



## GRI 302-1 Energy consumption within the organization (MWh)

### Energy use (MWh)

Year	Energy use (MWh)									Total
	Oil	Coal	Natural gas	LPG	District heating	District cooling	Steam	Electricity	Renewables	
2018	1,827	0	400,782	10,766	15,019	1,960	209	314,006	313,089	1,057,659
2017	4,67	0	416,944	17,778	14,444	2,028	258	395,556	235,000	1,086,111
2016	5,000	0	410,833	26,667	18,889	2,056	272	495,556	163,333	1,122,500
2015	5,583	0	428,056	29,444	17,222	1,972	694	689,444	0	1,172,500
2014	5,833	0	446,111	45,833	16,111	2,056	750	698,611	0	1,215,278



# Risk Countries 2018

Here below you find the Electrolux manufacturing facilities and suppliers located in countries with risk for violations in the areas of human rights, labor standards, corruption and environmental practices. The classification is based on Verisk Maplecrofts risk index matrices, as well as on an internal risk evaluation of social, labor and environmental risk. This is based on historic evidence and industry knowledge that in some instances leads to upgrading the risk level. The risk classification procedure covers all Electrolux manufacturing facilities.

<b>Electrolux Facilities</b>	<b>Suppliers</b>
Argentina	Argentina
Brazil	Belarus
Chile	Brazil
China	Bulgaria
Egypt	Cambodia
Mexico	Chile
Romania	China
South Africa	Dominican Republic
Thailand	Egypt
Ukraine	Hong Kong (China)
	India
	Indonesia
	Malaysia
	Mexico
	Montenegro
	Morocco
	Philippines
	Romania
	Singapore
	South Africa
	Taiwan
	Thailand
	Tunisia
	Turkey
	Ukraine
	United Arab Emirates
	Vietnam

## GRI 305-6 Emissions of ozone-depleting substances (ODS)

	Production	Refregerant	Foaming	Total [kg CFC eq]
<b>2018</b>	5	0	0 <sup>1)</sup>	5
<b>2017</b>	1	17	361	379
<b>2016</b>	35	24	246	305
<b>2015</b>	72	16	246	334
<b>2014</b>	60	63	1.018	1.141

1) The use of R-141b gas for foaming purposes has been ended

## GRI 404-1 Average hours of training per year per employee

Region	Average hours of training per year per employee
Asia/Pacific	4.3
EMEA	6.5
Latin America	14
North America	5.2
<b>Total</b>	<b>7.1</b>

## GRI 306-2 Waste by type and disposal method (metric kton)

(kton)	Non-hazardous waste				
	Hazardous waste	Composting	Recycling	Incineration	Landfill
<b>2018</b>	2,3	1,1	141,0	0,7	7,7
<b>2017</b>	3,0	0,3	134,0	0,9	7,1
<b>2016</b>	2,4	0,1	131,4	0,3	6,7
<b>2015</b>	3,0	0,1	147,0	1,6	8,3
<b>2014</b>	3,3	0,1	111,0	1,1	12,1

## GRI 301-1 Materials used by weight

(metric kton)	Metals <sup>1),2)</sup>	Plastics <sup>1),2)</sup>	Articles <sup>1),2)</sup>	Process material <sup>2)</sup>	Raw Materials Others <sup>1),2)</sup>	Packaging products <sup>1),3)</sup>	Packaging suppliers <sup>3)</sup>	Reusable Packaging <sup>2)</sup>
2018	853	385	229	52	191	91	23	10
2017	867	367	271	54	361	101	27	11
2016	874	366	207	39	165	114	37	8
2015	906	380	255	35	182	119	38	9
2014	948	289	229	36	204	94	24	10
Direct Material	1	1	1		1	1		
Non-renewable	2	2	2	2	2	3	3	2

1 = Direct material

2 = Non-renewable

3 = Approximately 55% non-renewable

Note, materials use is to a large extent based on engineering estimates.

## GRI 403-2 Rates of injury, lost days, and number of work-related fatalities

	2018	2017	2016	2015	2014
Number of work-related injuries	240	246	247	386	401
Injury rate <sup>1)</sup>	0.59	0.58	0.72	0.9	0.9
Number of workdays lost due to occupational injuries	3,433	2,707	3,814	4,729	3,088
Lost day rate <sup>1)</sup>	8.4	6	9	11	7
Number of work-related fatalities	0	0	0	1	0
Result per Region in 2018	Number of work-related injuries	Injury rate <sup>1)</sup>	Number of workdays lost due to occupational injuries	Lost day rate <sup>1)</sup>	Total hours
Asia Pacific	12	0.34	14	0.4	7,019,033
EMEA	123	0.78	2,389	15.2	31,392,013
Latin America	45	0.49	668	7.2	18,480,693
North America	60	0.48	362	7.2	24,787,721
<b>Total</b>	<b>240</b>	<b>0.59</b>	<b>3,433</b>	<b>8.4</b>	<b>81,679,461</b>

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

## GRI 303-3 Water withdrawal

Total water withdrawal from all areas in megaliters <sup>1)</sup>

Year	Fresh surface water	Ground water - renewable	Rainwater	Wastewater from other org	Third party sources - Municipal water	Total water withdrawal
2018	48	1.260	6	0	1.501	2.814
2017	72	1.766	6	7	1.638	3.489
2016	77	2.487	6	27	1.680	4.278
2015	129	2.293	5	25	1.623	4.074
2014	182	2.483	5	32	1.701	4.403

Total water withdrawal from all areas with water risk in megaliters <sup>1), 2)</sup>

Year	Fresh surface water	Ground water - renewable	Rainwater	Wastewater from other org	Third party sources - Municipal water	Total water withdrawal
2018	46	113	6	0	786	951

<sup>1)</sup> 1 megaliter equals 1.000 m<sup>3</sup>

<sup>2)</sup> Risk areas defined by WWFs water risk filter

## GRI 303-4 Water discharge

Total water discharge in megaliters <sup>1)</sup>

(MI)	Third-party destinations		Fresh surface water		Total
	Untreated	Pre-treated	Untreated	Pre-treated	
Year					
2018	1.617	249	454	550	2.870
2017	1.820	368	965	292	3.444
2016	1.509	204	1228	302	3.242
2015	1.897	188	1.167	430	3.682
2014	2.384	265	1.181	387	4.218

Total water discharge to all areas with water risk in megaliters <sup>1), 2)</sup>

(MI)	Third-party destinations		Fresh surface water		Total
	Untreated	Pre-treated	Untreated	Pre-treated	
Year					
2018	904	34	3	0	941

<sup>1)</sup> 1 megaliter equals 1000 m<sup>3</sup>

<sup>2)</sup> Risk areas defined by WWFs water risk filter

## GRI 401-1 employee turnover

### Rates of employee turnover by gender

	2018	2017	2016	2015	2014	2013
Employee turnover - All employee	20%	20%	21%	32%	27%	14%
Employee turnover - Male	18%	19%	20%	32%	27%	16%
Employee turnover - Female	23%	23%	22%	32%	27%	12%

### Average number of employees per region

	2018	2017	2016	2015	2014
Europe, Middle East and Africa	25,184	24,739	24,290	24,795	25,768
North America	8,363	9,755	10,064	9,933	10,702
Latin America	15,633	15,975	16,218	18,325	18,478
Asia/Pacific	5,239	5,223	4,828	5,212	5,090
	<b>54,419</b>	<b>55,692</b>	<b>55,400</b>	<b>58,265</b>	<b>60,038</b>

This table encompasses the total Group and differs from year-end number since it's the average number of employees.

## GRI 102-41 Collective bargaining agreements

	2018	2017	2016	2015	2014
Employees covered by collective bargaining (%) <sup>1)</sup>	57%	58%	57%	59%	63%

<sup>1)</sup> Employees at production facilities covered by collective bargaining agreement. 21,558 of 37,873 at 48 production facilities were covered by collective bargaining agreements.

## GRI 305-1 305-2 Direct and Indirect CO<sub>2</sub>emission

	GRI 305-1		GRI 305-2	
	Direct CO <sub>2</sub> eq emissions <sup>1)</sup> (metric kton)		Indirect CO <sub>2</sub> emissions (metric kton)	Total CO <sub>2</sub> eq (metric kton)
2018	165		121	286
2017	174		155	329
2016	180		201	381
2015	188		288	476
2014	189		284	473

<sup>1)</sup> Includes contributions from energy use and Green House Gas fugitive emissions

# Employment per contract

	Full time	Part time	Total	Full time	Part time	Total	Total
	Indefinite	Indefinite	Indefinite	Temporary	Temporary	Temporary	All
Electrolux White	11,610	389	11,999	762	15	777	12,776
Electrolux Blue	27,836	368	28,204	3,301	59	3,360	31,564
Supervised	556	4	560	1,436	161	1,597	2,157
Total	40,002	761	40,763	5,499	235	5,734	46,497

Covers the scope of employees as defined in [About this report](#). This represents 90% of our total number of employees at year end.