



For the Better

Electrolux Sustainability Report 2017

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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.

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 in 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 text under each criterion are not addressed in the report.

Electrolux reports in accordance with the United Nations Guiding Principles on 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. Our work will continue to improve human rights reporting in future reports.

The 2017 Sustainability Report and the 2017 Annual Report reflect our commitment to these principles and the efforts to continuously improve performance. The 2017 Sustainability Report is third party assured.

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



Implementing the ten principles into strategies and operations

UN Global Compact Advanced Criteria

References

Criterion 1: The COP describes mainstreaming into corporate functions and business units
 The following best practices are described in our COP

- 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
- Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy
- Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary
- Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs
- Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts

CEO Statement: Our transformation into a more purpose-driven company

Management Approach

VP Statement: Embedding sustainability into our operations to drive performance

Key priorities and progress 2017

Understanding and managing our human rights risks

Criterion 2: The COP describes value chain implementation

The following best practices are described in our COP

- Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts
- Communicate policies and expectations to suppliers and other relevant business partners
- Implement monitoring and assurance mechanisms (e.g. audits/screenings) for compliance within the company's sphere of influence
- Undertake awareness-raising, training and other types of capacity building with suppliers and other business partners

Value chain

Improve sustainability in the supply chain

Understanding and managing our human rights risks

Human Rights Management Policies & Procedures

UN Global Compact Advanced Criteria

References

Criterion 3: The COP describes robust commitments, strategies or policies in the area of human rights

The following best practices are described in our COP

- Commitment to comply with all applicable laws and respect internationally recognized human rights, wherever the company operates
- Integrated or stand-alone statement of policy expressing commitment to respect and support human rights approved at the most senior level of the company
- Statement of policy stipulating human rights expectations of personnel, business partners and other parties directly linked to operations, products or services
- Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties

Management Approach:
Social

Code of Conduct

Always act ethically and respect human rights

Improve sustainability in the supply chain

Criterion 4: The COP describes effective *management systems* to integrate the human rights principles

The following best practices are described in our COP

- Process to ensure that internationally recognized human rights are respected
- On-going due diligence process that includes an assessment of actual and potential human rights impacts
- Internal awareness-raising and training on human rights for management and employees
- Operational-level grievance mechanisms for those potentially impacted by the company's activities
- Allocation of responsibilities and accountability for addressing human rights impacts
- Internal decision-making, budget and oversight for effective responses to human rights impacts
- Processes to provide for or cooperate in the remediation of adverse human rights impacts that the company has caused or contributed to
- 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

Understanding and managing our human rights risks

Always act ethically and respect human rights

Management approach:
Social

Be a force for good

An eye on human rights

Taking action on food

Criterion 5: The COP describes effective *monitoring and evaluation mechanisms* of human rights integration

The following best practices are described in our COP

- System to monitor the effectiveness of human rights policies and implementation with quantitative and qualitative metrics, including in the supply chain
- Monitoring drawn from internal and external feedback, including affected stakeholders
- Leadership review of monitoring and improvement results
- Process to deal with incidents the company has caused or contributed to for internal and external stakeholders
- Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue
- Outcomes of integration of the human rights principles

Auditing and monitoring

Improve sustainability in the supply chain

Stakeholders inform our approach

Always act ethically and respect human rights

Understanding and managing our human rights risks

Robust Labour Management Policies & Procedures

UN Global Compact Advanced Criteria

References

Criterion 6: The COP describes robust *commitments, strategies or policies* in the area of labor

The following best practices are described in our COP

- Reference to principles of relevant international labour standards (ILO Conventions) and other normative international instruments in company policies
- Reflection on the relevance of the labour principles for the company
- 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).
- Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners
- *Specific commitments and Human Resources policies, in line with national development priorities or decent work priorities in the country of operation*
- *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.*
- Structural engagement with a global union, possibly via a Global Framework Agreement

Code of Conduct

Understanding and managing our human rights risks

Always act ethically and respect human rights

Improve sustainability in the supply chain

International Framework Agreement

Criterion 7: The COP describes effective management systems to integrate the labor principles

The following best practices are described in our COP

- Risk and impact assessments in the area of labour
- Dialogue mechanism with trade unions to regularly discuss and review company progress in addressing labour standards
- Allocation of responsibilities and accountability within the organization
- Internal awareness-raising and training on the labour principles for management and employees
- Active engagement with suppliers to address labour-related challenges
- 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

Understanding and managing our human rights risks

Stakeholders inform our approach

Always act ethically and respect human rights

Management approach

Improve sustainability in the supply chain

An Eye on Human Rights

Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labor principles integration

The following best practices are described in our COP

- System to track and measure performance based on standardized performance metrics
- Dialogue with the representative organization of workers to regularly review progress made and jointly identify priorities for the future
- 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
- 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
- Outcomes of integration of the Labour principles

Always act ethically and respect human rights

Management approach

Stakeholders inform our approach

Improve sustainability in the supply chain

Auditing and monitoring

ALFA

Internal code of conduct audit findings

Environmental Management Policies and Procedures

UN Global Compact Advanced Criteria

References

Criterion 9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship

The following best practices are described in our COP

- *Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development)*
- Reflection on the relevance of environmental stewardship for the company.
- Written company policy on environmental stewardship
- Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners
- Specific commitments and goals for specified year

Constantly improve product performance and efficiency

Make better use of resource

Eliminate harmful materials

Achieve more with less

Our climate targets

Management approach:
Environment

Value chain

Environmental policy

Improve sustainability in the supply chain

Criterion 10: The COP describes effective management systems to integrate the environmental principles

The following best practices are described in our COP

- Environmental risk and impact assessments
- Assessments of lifecycle impact of products, ensuring environmentally sound management policies
- Allocation of responsibilities and accountability within the organization
- Internal awareness-raising and training on environmental stewardship for management and employees
- Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts

Management approach:
Environment

Auditing and monitoring

Sustainability reporting 2017 (AR p138)

Always act ethically and respect human rights

Criterion 11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship

The following best practices are described in our COP

- System to track and measure performance based on standardized performance metrics
- Leadership review of monitoring and improvement results
- Process to deal with incidents Audits or other steps to monitor and improve the environmental performance of companies in the supply chain
- Outcomes of integration of the environmental principles
- Audits or other steps to monitor and improve the environmental performance of companies in the supply chain

VP Statement: Embedding sustainability into our operations to drive performance

CEO Statement: Our transformation into a more purpose-driven company

Improve sustainability in the supply chain

Auditing and monitoring

ALFA

Internal code of conduct audit findings

Constantly improve product performance and efficiency

Make better use of resources

Eliminate harmful materials

Achieve more with less

Anticorruption management policies and procedures

UN Global Compact Advanced Criteria

References

Criterion 12: The COP describes robust commitments, strategies or policies in the area of anti-corruption

The following best practices are described in our COP

- Publicly stated formal policy of zero-tolerance of corruption
- Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes
- *Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption*
- *Detailed policies for high-risk areas of corruption*
- Policy on anticorruption regarding business partners

Code of Conduct

Understanding and managing our human rights risks

Always act ethically and respect human rights

Criterion 13: The COP describes effective management systems to integrate the anti-corruption principle

The following best practices are described in our COP

- *Support by the organization's leadership for anti-corruption*
- Carrying out risk assessment of potential areas of corruption
- Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees
- *Internal checks and balances to ensure consistency with the anticorruption commitment*
- *Actions taken to encourage business partners to implement anti-corruption commitments*
- Management responsibility and accountability for implementation of the anti-corruption commitment or policy
- Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice
- Internal accounting and auditing procedures related to anticorruption

Understanding and managing our human rights risks

Always act ethically and respect human rights

Auditing and monitoring

Improve sustainability in the supply chain

Criterion 14: The COP describes effective *monitoring and evaluation mechanisms* for the integration of anti-corruption

The following best practices are described in our COP

- Leadership review of monitoring and improvement results
- Process to deal with incidents Public legal cases regarding corruption
- *Use of independent external assurance of anti-corruption programmes*
- Outcomes of integration of the anti-corruption principle

Always act ethically and respect human rights

Management approach: Social

Note 24 Other liabilities (AR p121)

ALFA

Internal Code of Conduct audit findings

Understanding and managing our human rights risks

Taking action in support of broader UN goals and issues

UN Global Compact Advanced Criteria

Reference

Criterion 15: The COP describes core business contributions to UN goals and issues

The following best practices are described in our COP

- Align core business strategy with one or more relevant UN goals/issues
- Develop relevant products and services or design business models that contribute to UN goals/issues
- Adopt and modify operating procedures to maximize contribution to UN goals/issues

Solutions for healthy and sustainable living for more people

Be a force for good

Electrolux and the UN Sustainable Development Goals (SDGs)

Constantly improve product performance and efficiency

Criterion 16: The COP describes strategic social investments and philanthropy

The following best practices are described in our COP

- 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
- Coordinate efforts with other organizations and initiatives to amplify—and not negate or unnecessarily duplicate—the efforts of other contributors
- *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*

Be a force for good

Taking action on food

Food foundation

Criterion 17: The COP describes advocacy and public policy engagement

The following best practices are described in our COP

- Publicly advocate the importance of action in relation to one or more UN goals/issues
- Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues

Be a force for good

Electrolux Food Foundation

Leading the fight on climate change

Executive Statements

Supporting energy efficiency in emerging markets

Criterion 18: The COP describes partnerships and collective action

The following best practices are described in our COP

- 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
- 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

Be a force for good

Taking action on food

Food foundation

Corporate sustainability governance and leadership

UN Global Compact Advanced Criteria

Reference

Criterion 19: The COP describes CEO commitment and leadership

The following best practices are described in our COP

- CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact
- *CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards*
- CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation
- *Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team*

CEO Statement: Our transformation into a more purpose-driven company

Executive Statements

Electrolux Food Foundation

Criterion 20: The COP describes Board adoption and oversight

The following best practices are described in our COP

- Board of Directors (or equivalent) assumes responsibility and oversight for long-term corporate sustainability strategy and performance
- *Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability.*
- *Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress)*

CEO Statement: Our transformation into a more purpose-driven company

Sustainability reporting 2017 (AR p138)

Criterion 21: The COP describes stakeholder engagement

The following best practices are described in our COP

- Publicly recognize responsibility for the company's impacts on internal and external stakeholders
- Define sustainability strategies, goals and policies in consultation with key stakeholders
- *Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance*
- Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'

Stakeholders inform our approach

Value chain

Always act ethically and respect human rights